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Network Georgia

THE INFLUENCE OF COVID-19 ON CORPORATE RESPONSIBILITY IN THE BUSINESS SECTOR IN GEORGIA

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FOREWORD

The COVID-19 pandemic has caused social, economic and environmental crises across the world; Georgia has been no exception. Countries' progress in implementing the Sustainable Development Agenda has been significantly hampered, and in some areas, the situation has even deteriorated. Increased inequality, millions of unemployed people, closed borders, thousands of closed companies—this is but a small list of the consequences of the current crisis.

The Georgian government's efforts and steps to overcome the challenges have not been enough and we have clearly seen the importance corporate responsibility, partnerships between sectors and the need for social and environmental risk management.

At the end of 2019, the Global Compact Network Georgia, with the support of Innova Company, conducted a study of companies to examine their awareness and activeness in the field of corporate responsibility.

Before the pandemic, the following key corporate responsibility challenges were identified in companies operating in Georgia: low awareness; lack of a strategic or systematic approach to the issue; unpreparedness for multi-sectoral partnerships, and; mistrust between sectors.

The pandemic has further increased the importance of responsible business behaviour. We have clearly seen the active role of companies around the world in addressing social, economic and environmental challenges. The importance of such partnerships and the number of successful examples have increased during the pandemic. In order to deal with the negative consequences caused by the pandemic, a series of successful cooperation initiatives have been implemented between companies internationally as well as in Georgia.

Therefore, it became important to conduct another Corporate Responsibility Survey in Georgia to determine how the pandemic has changed Georgian business behaviour and attitudes towards corporate responsibility.

This report describes the immediate steps taken by companies towards employees, partners, customers and society during the pandemic, as well as their plans for running a sustainable and responsible business.

The world business community has once again been convinced of the importance of corporate responsibility in ensuring business sustainability. The fact is that corporate responsibility is beneficial for business, society and the environment.

Now it is important to determine where Georgian business stands in these processes, where we have made progress and what we need to do to restore the collapsed economy through sustainable and responsible business behaviour, partnership between sectors and inclusive policies.

Salome Zurabishvili

Executive Director

Global Compact Network Georgia

RESEARCH PURPOSE AND METHODOLOGY

The purpose of the assessment study “Influence of COVID-19 on Corporate Responsibility in the Business Sector in Georgia” is to determine how the economic or social crisis caused by the pandemic has affected the behaviour of the business sector regarding social, environmental, and governmental issues. In particular, the study has shown how companies perceive of corporate responsibility in the face of the pandemic crisis; how did their priority areas change and what are their attitudes towards the environment, society, employees, and other stakeholders? The study provides a short-term and long-term vision of businesses on the topic of corporate responsibility; what opportunities and challenges do companies see in promoting sustainable and responsible business behaviour in Georgia?

To prepare this report, a qualitative research methodology was developed, and the following activities were carried out:



STAGE I

Survey of businesses in Georgia by qualitative research method

A qualitative study was conducted using in-depth interviews. Structured questionnaires included open-ended questions. A total of 120 in-depth interviews were conducted, including 108 with businesses, seven with industry experts, and five with media representatives. The research organization used online meeting platforms to conduct the interviews. Participants include large, medium, and small-sized companies in the following fields: **banking, insurance, hospitality, logistics, retail, food & beverage manufacturing, catering services, construction, healthcare, communications, shopping malls, delivery services, transport services, educational and vocational services.**

5



STAGE II

Focus group sessions

Following the in-depth interviews, focus group sessions were conducted to identify common challenges of corporate responsibility during the pandemic in Georgia. Matters examined by focus groups included nine discussion topics. Three focus group sessions were held, with representatives of small, medium, and large companies separately. Each focus group session was held using an online platform. Sessions covered the following economic activities: **banking, insurance, hospitality, healthcare, construction, retail, publishing, consulting, and vocational services.**

The results of the study are based purely on the information obtained from companies via interviews. Researchers did not request additional documentation from the surveyed companies to analyse or verify the accuracy of the information provided with a third party.

According to the annual turnover and number of employees, the National Statistics Office of Georgia classifies enterprises as large (more than 250 employees or more than 60 million GEL annual turnover), medium (50-249 employees or 12-60 million GEL turnover) and small (49 or less employees and up to 12 million GEL annual turnover) companies.

The research report presents the results in the following main thematic areas: **a strategic approach to corporate responsibility and priority areas identified by companies (I), decision-making process regarding corporate responsibility in Georgia (II), resources allocated to social or environmental responsibility in the business sector (III), coverage of corporate responsibility (IV), sustainable corporate governance and labour relations (V), business challenges (VI), new business opportunities and multi-sectoral partnership within the framework of corporate responsibility (VII).**



KEY FINDINGS OF THE STUDY



I. A strategic approach to corporate responsibility and priority areas

Most of the surveyed companies do not have an official document laying out a strategy of corporate responsibility. Exceptions include large companies operating in the retail market (mainly financial institutions) and Georgian branches of international companies.

We mostly encounter the strategic approach to corporate responsibility in large or medium-sized companies; according to surveyed large and several medium-sized companies, in terms of corporate responsibility, we identified the following priority areas: **the support of socially vulnerable groups and people with disabilities; education; innovations; sport and the popularization of a healthy lifestyle; environmental protection and recycling; care for employees; women's empowerment and enforcement of gender equality, and; supporting art.**

Therefore, when it comes to corporate responsibility, large companies appear to be the most active, while most medium and small companies are characterized by spontaneous and one-off activities. Small companies seemingly equate corporate responsibility with charitable activities.

Companies in Georgia that were able to survive the pandemic and continue operating noted that during the pandemic, they paid special attention to the support and safety issues of their employees. Meanwhile, companies which were negatively affected by the pandemic were forced to suspend operations, release employees on temporary unpaid leave or lay off employees entirely due to the crisis.



II. Decision-making process regarding corporate responsibility

It appears that most companies operating in Georgia do not have a specific budget and separate structural units/managers allocated to corporate responsibility, exceptions being: large financial institutions, hotels, shopping malls, construction companies and local branches of international companies.

In most of the surveyed companies, the decision-making structural units are the following: Marketing, Public Relations, Human Resources Department / Manager, as well as in some cases the Administrative Department / Manager or Director (mainly in medium or small companies).



III. Resources allocated to social or environmental responsibility in the business sector

In most cases (when it comes to small and medium-sized companies), the budget allocated to corporate responsibility is part of the marketing budget or reserve funds. Small companies mainly allocate budgets for spontaneous one-off activities.

Representatives of the surveyed companies note **that the decision-making process has become faster and more flexible because of the pandemic.** Companies that did not cease to function during the pandemic stated that the decision-making process for funding charitable and social projects was particularly accelerated. Furthermore, during the pandemic, bureaucracy was minimized in the work process and various initiatives are now deliberated upon more swiftly.



IV. Coverage of corporate responsibility

Large companies use both traditional and modern media platforms (social media, online publications, etc.) for coverage of their corporate responsibility activities. As for medium-sized or small companies, they emphasize the use of low-budget media outlets to broadcast their corporate responsibility.

In terms of the use of communication channels, the pandemic has not led to significant changes within large companies. Individual companies (especially small and medium-sized companies) have paid more attention to web and social media platforms, which in most cases are the Facebook pages of the companies or their partners and Internet media (ambebi.ge, Interpressnews.ge (IPN), Business Media Georgia(MBG), Palitra News, the social network page of Global Compact, Business Press News (BPN).

Moreover, as it turns out, most of the surveyed companies do not broadcast charitable activities at all. Most of the surveyed companies state that when they carry out charitable activities, the information is spread only within the companies themselves, or within the supporting partner organizations, and they do not consider it appropriate to talk about it publicly. Most of the respondents often repeated the phrase, "We should do good in silence."



V. Sustainable corporate governance and labor relations

During the pandemic, large companies managed to reorganize and implement some of their corporate responsibility activities on online platforms. As for medium and small companies, they found

themselves in a rather difficult situation and were only able to take responsible actions given the opportunity.

Surveyed respondents said that the companies that managed to handle the pandemic and continue operating changed their focus and became more active in terms of providing for the safety of employees and consumers, as well as took various measures such as: switching to distance work modes, reviewing of work schedules and splitting them into shifts, providing employees with Covid tests, installation of glass barriers, placement of special signs, organizing awareness-raising campaigns, setting up hotlines where employees can receive psychological assistance at any time. There was also a case where the surveyed company created a “Mental Wellness Library” where employees could find a variety of training and learning resources to help them handle the stress.

One of the major financial company created an ‘online kindergarten’ on the online work platform for the children of employees. Applications for customers were developed and refined to minimize the need for physical meetings. One of the companies also launched an innovative app that provided booking of work space in advance so that a large number of employees would not be gathered in the workplace. The study participants claimed that they paid special attention to employee safety and strictly complied with Covid-19 regulations. They supplied workplaces with the necessary equipment for the safety of employees (supplied staff with masks and disinfectants, as well as the technology needed for thermo-screening).

Most of the companies surveyed stated that the pandemic also affected the mental and psychological condition of employees, especially during the first wave of the spread of the virus. Some companies (especially large companies) have reported that they have taken various measures to provide moral and psychological support to their employees. In particular, several large companies: hired psychologists, gave employees access to various psychological support applications, conducted webinars, and organized morale-boosting activities. As for most of the medium and small companies surveyed, they used the method of active communication with employees for psychological support. Managers tried to encourage employees through personal and frequent communication.



VI. Business challenges and new business opportunities

Most companies (except for cases in which business specifics did not allow it) named switching to remote work and digitalization of processes as a new business opportunity.

Some of the companies surveyed mentioned that they saw innovative opportunities in the development of new digital products/services and online commerce. Thanks to the pandemic, some companies managed to seize upon new business opportunities, such as the production and sale of masks, disinfectant solutions. Additionally, companies have also become more active in the field of delivery service.

However, it is also noteworthy that the pandemic severely harmed a significant number of companies, and their continued operations became questionable; thus, companies faced sustainability problems during this period. It was difficult for them to talk about new business opportunities as the dominant concern became retaining employees and saving the business.

Surveyed companies listed the following as significant business challenges during the pandemic: **instability of financial resources, challenges posed to teamwork due to remote work regime, the prob-**

lem of technical equipment of employees, malfunction of communication channels with suppliers/customers, a constantly changing and unstable business environment due to regulations. Over time, companies were able to solve the problem of technical equipment of employees.

Due to the remote work mode, communication between the employees and the management was intensified in terms of the challenges arising in the teamwork process, as well as various activities were introduced, such as online trainings and seminars. They worked together to adapt to the online workflow.

The challenges which remain unsolved are ones for which the involvement of companies alone is not enough. For example: financial instability, which is caused by a decreasing number of customers and other factors, processes are still hindered in terms of resource imports, as well as the business environment remains unclear and unstable in terms of Covid-19 regulations.



VII. Multi-sectoral cooperation within the framework of corporate responsibility

Due to the pandemic, **there is a growing trend of a partnership between business and non-governmental organizations.** Charitable partnership projects have increased. Some of the respondents mentioned that during the pandemic, they communicated with the non-governmental sector mainly to solve problems related to social needs, in particular, helping with charitable activities and supporting vulnerable groups.

To carry out charitable activities, the non-governmental sector often contacts companies for assistance. Companies, on the other hand, do not consider NGOs as partner organizations, noting that their cooperation starts mainly when a specific need arises and it is necessary to find/involve an NGO, for example, in case of employment of vulnerable groups, pollution prevention and to implement green initiatives.

Companies often named the following non-governmental organizations in terms of partnerships: UN Global Compact Network, UN Women, Action against Hunger, Red Cross, Georgian Pro Bono Network, CiDA and others.

Representatives of businesses of different sectors and sizes assessed **relations with the government** sector differently; for example, some large companies (e.g., financial institutions, shopping malls, hotels) reported that they were involved with the governmental process of establishing regulations during the first wave of the pandemic. Most of the companies surveyed (especially small and medium-sized companies) reported that during the pandemic they had no contact with the government and incidentally learned about the new regulations from television. Therefore, representatives of small companies argue that the decisions were mostly tailored to large companies rather than to the needs of small businesses.

In terms of partnerships, most of the companies surveyed (large companies) noted that progress had been made by uniting representatives from different sectors (e.g., shopping malls, tourism sector representatives) and working together to address challenges posed by the pandemic.

Some small companies admitted that their main concern was 'self-preservation' and the situation did not change in terms of partnerships. In their case, multi-sectoral cooperation did not increase within the framework of corporate responsibility

QUALITATIVE RESEARCH ANALYSIS:

In-depth Interviews with the Business Sector, Media and Experts

120 respondents were interviewed as part of the qualitative research, including 108 businesses, 7 experts in the field, and 5 media organizations. Also, 3 focus group sessions were held, with representatives of small, medium, and large enterprises. The following is an analysis of the information obtained from surveying each sector and its key findings. It needs to be emphasized that the research is purely based on the information obtained from companies via interviews. The researchers did not request additional documentation from the surveyed companies to analyze or verify the accuracy of the information provided with a third party.



BUSINESS

Business organization research analysis covers the following main thematic areas:

I. Strategic approach to corporate responsibility and priority areas

II. Decision-making process regarding corporate responsibility

III. Resources allocated to social or environmental responsibility in the business sector

V. Coverage of corporate responsibility

VI. Sustainable corporate governance and labor relations

VII. Business Challenges and new business opportunities

VIII. Multi-sectoral cooperation within the framework of corporate responsibility

I. Strategic approach to corporate responsibility and priority areas

Official strategic document regarding corporate responsibility - Most of the surveyed companies do not have an official document on corporate responsibility strategy. Exceptions are large companies operating in the retail market (mainly financial institutions) and Georgian branches of international companies. They have a corporate responsibility strategy outlined on a global level, while locally they plan specific activities based on the global strategy and local needs.

Although the strategy document is not often found in businesses in Georgia, according to the information provided by the surveyed companies, in many cases, corporate responsibility matters are written in various internal documents, such as company charter, internal policy documents, organizational development strategy, marketing strategy, brand platform.

Corporate responsibility priority areas – Even though corporate responsibility is not often represented in formal documents, according to most of the large and some medium-sized companies surveyed, they have priority areas for corporate responsibility identified. As the companies report, action is taken in these areas and has systematic, consistent nature. As for smaller companies, they execute corporate responsibility activities in a more spontaneous, one-off manner, and most of them seem to be charitable.

Large companies operating in Georgia prioritize certain areas of corporate responsibility according to their field of operation, as well as based on their strategic development document and marketing strategy. Smaller com-

panies mostly take their financial resources into account when discussing carrying out various activities. Companies that have corporate responsibility issues formally outlined and/or implemented systemically, emphasize the following priority areas the support of socially vulnerable groups and people with disabilities, education; innovations, sport and popularization of a healthy lifestyle, environmental protection and recycling, care for employees, women's empowerment and enforcement gender equality, supporting art.

It is noteworthy that a large portion of the surveyed companies considers education as a priority area of corporate responsibility. Activities undertaken by companies in the field of education include not only funding talented and vulnerable students at various academic levels but also, improving their access to the Internet and new technologies, promoting digital education, especially in pandemic conditions. As surveyed large companies claimed, they've been working on these issues systematically for years. It is important to mention that along with large companies, the surveyed medium and small companies are also trying to contribute to the support of education to the best of their ability. For example "EY", a medium-sized company that annually finances the tuition of 50 girls living in rural parts of the country. And Rinox, a small repair company, is also implementing a project to teach professional skills to vulnerable and disabled people. After education, caring for the environment, contributing to waste management and separation, and the use of recycled resources have also stood out as popular priority areas.

Impact of the pandemic on priority are-

as of corporate responsibility - Although the pandemic did not have a significant impact on the long-term priorities of the companies surveyed, it did affect the content, form, and scale of the activities planned by the companies for the year 2020 specifically. Activities that involved physically assembling people outdoors or indoors were disrupted or canceled. Planned activities in the field of sports, like charitable marathons, were particularly limited, moreover in the case of some companies, educational, cultural (art festivals), and environmental activities were also restricted due to their format. It is noteworthy that despite the financial challenges posed by the pandemic, most of the surveyed companies (especially large companies) not only continued to work towards corporate responsibility but even increased their efforts in this regard. The pandemic has presented the country with difficult social challenges, and according to the surveyed companies, it is precisely in this direction that they have “shifted” their corporate responsibility efforts to increase their support for charitable activities that address existing social problems and challenges.

According to information received from large companies surveyed, they systematically respond to individual charitable appeals and contribute in various ways to address social problems: they donated money to the STOPCOV Fund, funded hospitals, and medical staff, and provided food and other basic necessities to vulnerable groups.

Most of the surveyed companies explain that the “shift of priorities” in the social and charitable direction is a temporary event caused by the force majeure situation and after resuming the normal course of life, they

will return to the main priority areas on which they have been working consistently. However, some companies intend to make lasting changes in the priority areas of corporate responsibility. The pandemic showed them this need. For example, “TBC Insurance” intends to make support of the medical field one of its priorities.

In addition to charitable activities, an important finding of the survey was that the vast majority of companies surveyed shifted their priority to internal organizational issues with regards to corporate responsibility. Specifically, they started paying special attention to employee support and safety issues.

As the surveyed companies claim, during the pandemic, they tried to help employees and spend extra financial resources to maintain them. In this regard, we must emphasize the efforts of hotels and shopping malls, which had to cease operations during the lockdown period and yet, as noted, still managed to retain all or some of their staff.

Representatives of the large businesses presented at the focus group noted that large companies became more active regarding corporate responsibility during the pandemic. They identified and redefined priority areas, as well as added new activities to cope with the new reality. Representatives of large businesses claimed that the crisis has strengthened the corporate responsibility of their companies and that they started paying more attention to the well-being of the staff personnel, tried to keep them safe and employed.

In contrast with large companies, representatives of medium-sized companies mentioned that during the pandemic they mainly carried out one-time activities, especially in

terms of helping vulnerable groups.

Medium-sized companies that do not have incorporated CR in the company structure mainly carried out one-time activities during the pandemic, such as donating money to the Covid Fund or funding charity initiatives.

Similar approaches were mentioned at the focus group session of small companies. Due to lack of resources, businesses of this size rarely carry out large-scale CR activities; Surveyed managers stated that they made some contribution to corporate responsibility by supporting some green initiatives (paper recycling), and protecting employee rights.

It should be noted that most of the small organizations consider corporate responsibility as charitable activities.



II. Decision-making process regarding corporate responsibility

The structural unit of corporate responsibility – Aside from the leading large companies working in the financial sector, no other surveyed company has a corporate responsibility structural unit - department, division, or team. In most cases, these functions are integrated with the marketing and public relations department. Sometimes these functions are allocated to human resource managers or administrative managers. International com-

panies have a global corporate responsibility division, while in their local branches, these functions are given to the marketing and PR departments. In the case of small companies surveyed, the direct decision-maker on corporate responsibility issues is the director or founder.

Evaluation of the effectiveness of the implemented activities - The large and medium-sized companies surveyed, which have claimed to be systematically working on specific priority areas of corporate responsibility, evaluate the effectiveness of the activities carried out. Relevant quantitative indicators are defined based on the content of the project. For example, in the case of projects supporting education, grades of students and pupils, the number of funded beneficiaries, and other relevant statistics are evaluated. However, some projects are difficult to assess by quantitative indicators. In this case, the surveyed companies look at the degree of involvement of the target groups. Some large companies have a quality management or monitoring department that evaluates the effectiveness of the activities carried out, although these are exceptions.

It has been stated that it is difficult to assess the effectiveness of activities that support external initiatives because the organizations implementing these activities (mainly NGOs) do not provide effective feedback on the results of the activities carried out, which may reduce the motivation of businesses to engage in such initiatives. In the case of most of the small enterprises surveyed, the results of the activities carried out in terms of corporate responsibility are not evaluated at all.

The impact of the pandemic on the deci-

sion-making process - The changing and unpredictable environment forced companies to become more flexible and agile in their decision-making processes. Although remote work was accompanied by communication challenges, as surveyed companies say, the decision-making process has become faster and more flexible. Including decisions regarding corporate responsibility. Many companies have stated that the decision-making process for funding charitable and social projects has been particularly accelerated. Since bureaucratic procedures has been minimized in the work process, external initiatives or one-off appeals are considered more quickly now. Thanks to the accelerated process, many initiatives and activities were funded that were not planned at the beginning of the year.

The above-mentioned findings were stated at the focus group sessions as well. All respondents at the large and medium-sized business focus group sessions noted that the pandemic has accelerated the decision-making process in their companies. According to one FG participant, as the situation was a force majeure, most decisions were made directly by the CEO, various ideas/initiatives were discussed in the shortest possible time. They mentioned that the pandemic eliminated all bureaucratic problems that had previously hindered the work process.



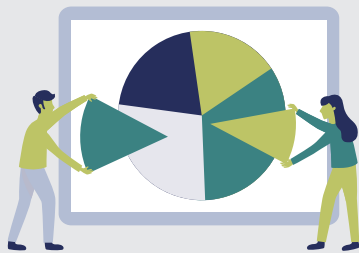
III. Resources allocated to social or environmental responsibility in the business sector

The budget allocated to corporate responsibility - Large and medium-sized companies, which, as noted, operate systematically within the framework of corporate responsibility, in the social or environmental fields (eg, financial institutions, hotels, shopping malls, manufacturing and construction companies, local offices of multinational companies) have designated budgets allocated accordingly. In most cases, this financial resource is integrated as a part of the marketing budget. As some companies state, they also have a predetermined amount of reserve funds that they can spend in special cases. The small companies surveyed allocate budgets to one or two specific activities or do not determine the budget in advance and make this decision spontaneously as needed.

There are some cases when the budget allocated to corporate responsibility is directly proportional to the turnover and profit of the company.

The impact of the pandemic on the budget allocated to corporate responsibility – Surveyed companies that were not severely harmed by the pandemic, did not change the budget allocated to corporate responsibility, they even increased it slightly. They state that the increased budget was used for unforeseen charitable and social causes that could not have been planned at the beginning of the year (e.g. purchasing “Zoom” licenses for universities, purchasing ventilators for the Ministry of Health, assisting vulnerable groups, etc.) Most of the companies surveyed said that their budgets were not reduced, but simply prioritized differently

according to the conditions caused by the pandemic and consequent needs. For example, funds initially allocated for activities that could not be executed due to new regulations (especially if the format of said activities required physical gathering of people) were now transferred towards charitable and social causes. As the surveyed companies point out, there were cases when projects that initially were going to be implemented physically were moved to online platforms. This resulted in savings of funds and a slight reduction in budgets.



IV. Coverage of corporate responsibility

Media platforms - The large companies surveyed use almost all communication channels. Activities are covered through both traditional and digital media outlets. Some respondents noticed that media representatives are less interested in the corporate responsibility of individual companies and the companies mainly buy advertising placement for coverage. As surveyed medium and small companies point out, they place more emphasis on low-budget and digital media outlets. They actively use social networks to communicate with the target audience.

The pandemic has not caused significant changes in the use of communication chan-

nels in large companies. Individual companies (especially small and medium-sized companies) have shifted their focus to web and social media platforms, which in most cases are the Facebook pages of the companies or their partners and Internet media (ambebi.ge, Interpressnews.ge(IPN), Business Media Georgia(MBG), Palitra New, Social network page of Global Compact, Business press news(BPN). Direct communication has largely been replaced by online communication platforms.

Most of the surveyed companies cover only those corporate responsibility activities that were part of their initial priority areas. They do not cover most of the one-off, short-term charitable and social activities. The companies surveyed stressed that they decided not to cover a large part of the charitable activities funded and organized by them during the pandemic. Most of the surveyed companies state that in case of carrying out charitable activities, the information is spread only within the companies, or within the supporting partner organizations, and they do not consider it appropriate to talk about it publicly, there are some moments of inconvenience; Most of the respondents often repeated the phrase, "We should do good in silence."



V. Sustainable corporate governance and labor relations

Safety of employees - According to the surveyed companies, in order to ensure the safety of employees, first of all, everyone meets the requirements of the regulations. The vast majority of companies stated that they equipped workspaces with the necessary equipment for the safety of employees (provided staff with masks and disinfectants, introduced thermo screening). The administrative staff of almost all companies switched to remote work regimes (wholly or partially). Frontline workers have set a shift schedule. Some large companies claim that they fund periodic testing of employees. Because of the public transport restrictions, the companies surveyed state they ensure employees commute. Almost all surveyed companies conduct campaigns to raise awareness about virus protection in one way or another: the company has special instructional posters put up, in addition to which they use various communication channels.

Remote work is considered to be the most effective mechanism to protect employees from the virus, and all researched companies try to apply this mechanism as much as possible. Some large companies have even managed to move call centers to remote operation regimes, which was not a simple task by technical means. According to the companies, the human resources department of some large companies conducted an internal survey to identify employees in the risk groups and offered them more flexible working conditions, more opportunities to protect themselves from the virus.

They also paid attention to details such as reducing the risk of the spread of disease while staff gathers during lunch. They encouraged the use of lunchboxes and food delivery services.

Employee Support - Despite the financial challenges posed by the pandemic, the issue of maintaining jobs and salaries for employees is of particular importance to almost all companies surveyed.

Some companies in sectors that were relatively less affected by pandemic regulations and were able to retain staff in the face of the financial crisis retrained employees that were left without function and transferred them to other positions (e.g. Bank of Georgia). As for the industries that were particularly affected by the pandemic - hotels, restaurants, entertainment venues – they had to lay off some staff. Exceptions being companies that thrived during the pandemic, they increased the number of employees rather than reducing it (e.g. delivery service companies).

Part of the companies also tried to further support the employees laid off due to the crisis.

“During this period, while lockdown persisted, we had constant communication [with employees], we helped them financially through our funds” - Hilton. The company “East Point” paid 100 employees of the entertainment center their wages for 6 months after the lockdown commenced.

Most of the respondents mentioned that the pandemic affected the mental and psychological condition of the employees, especially during the first wave of the spread of COVID-19. During the focus group ses-

sion, the representatives of large companies especially emphasized and named the mental health of the employees as the most important challenge. Some companies (mostly large companies) have reported that they have taken various measures to provide moral and psychological support to their employees. In particular, several large companies: hired psychologists, gave employees access to various psychological support applications, conducted webinars, and organized morale-boosting activities. For example, one of the major financial organizations mentions that they created an online kindergarten for the children of employees on an online work platform; They launched a support hotline on which employees could receive psychological assistance at any time. There was also a case when the surveyed company developed a library of mental well-being, where employees can find various pieces of training, resources that can help them to cope with stress.

Part of the medium and small companies participating in the study mentioned that the managers tried to be in constant contact with the employees working remotely and in this way contribute to their mental health.

The most important aspect for medium-sized companies was the possibility of continuous operation of the business. In order not to stop working and proceed as safely as possible, they needed to respond immediately, make quick decisions and take appropriate action. Most of the representatives present at the focus group session admitted that the first stage of the pandemic was a kind of psychological shock for them. So far, no manager had ever encountered such a case

in their work practice or training. They did not know how to respond appropriately, hence there were moments of confusion. However, they eventually managed to unite employees, some steps were taken, raising the awareness of the employees, which led to the internal strengthening of the company and more unanimity.

Innovative methods - The pandemic situation and the newly developed need to take special care of the safety of customers and employees have shown most companies the necessity to digitize processes and services. Part of the surveyed businesses moved towards this direction even before the pandemic, but in this new reality, the introduction/renewal of online services became vital for them, especially for some small and medium-sized companies.

*Some of the large companies surveyed have plans to support small companies in their corporate development strategy, so in the pandemic, they executed projects that helped small companies implement innovative approaches, such as integrating online sales and digitizing processes.



VI. Business challenges and new business opportunities

New strategy for corporate responsibility - The development of a new corporate responsibility strategy is mainly planned by those companies that already had a designated strategy in previous years. The vast majority of these companies stated that only their internal structural units will be involved in the development of the new strategy and they do not intend to turn to external consultants as external consulting is associated with additional costs. However, some of them pointed out that there are areas in terms of corporate responsibility in which they may not have relevant competence, so in this case, they see possibilities to partner up with organizations that have more knowledge and experience in specific areas, be it protecting the environment, healthcare or other.

It was noted that in order to ensure responsible corporate behavior, several companies may need the assistance of external consultants regarding integration and implementation of standards for research and better identification of public needs. Furthermore, companies have declared that if they were to develop new strategies, they would do so only after thoroughly analyzing this past year. The previous year proved to be a valuable experience. The pandemic not only showed them various possibilities but the existing problems as well.

Business challenges and new business opportunities - Surveyed companies listed the following as the significant business challenges during the pandemic: Instability of financial resources, challenges posed to teamwork due to remote work regime, the problem of tech-

nical equipment of employees, malfunction of communication channels with suppliers/customers, constantly changing, vague and unstable business environment due to regulations.

Over time, companies were able to solve the technical/equipment-related problems (purchased new equipment; also, in some cases, employees took the initiative to find the necessary equipment for temporary use).

Due to the remote work regime, the communication between the employees and the management was more intense, team-working was challenging. Companies tried to address these challenges by undertaking different activities such as online trainings and seminars.

Some of the surveyed companies managed to set up an online sales system and establish new communication channels with suppliers / consumers shortly after the first wave of the COVID pandemic; It took some time to redesign the operational processes, but in some cases the services / products were sold quite successfully through online channels.

Problems caused by the external factors still remain unsolved for many companies. For example: financial instability caused by decreasing number of customers and other factors; Some business processes are still hindered due to new import barriers. In general, the business environment remains vague and unstable in terms of COVID-19 regulations.

Business sustainability and new business opportunities - Most companies (except in cases where the business specifics would not allow it) named remote work and digitalization of processes as a new opportunity. Several of them mentioned that they

had been thinking about developing a hybrid model, in terms of working remotely for a long time (even before the pandemic), and the pandemic accelerated these processes significantly. Some companies believe that everything will be digitalized in the future and it is important for them to step into this reality technologically prepared. Companies note that in the face of the pandemic, they realized how many resources can be saved when work is performed online.

Some companies also mentioned that they have seen the possibility of developing new digital products/services and are working in various ways to refine them.

Additionally, due to the pandemic situation, a new need for different services and products has developed on the market. A number of companies managed to embrace new directions and began to create and sell products such as masks and disinfectant solutions. Moreover, delivery services have also become more active on the market.

Meanwhile, some companies have been severely damaged by the pandemic and are unlikely to continue functioning. Therefore, in this period, they've experienced problems with sustainability. They found it difficult to talk about new business opportunities since their main concerns are to retain employees and save the business.



VII. Multi-sectoral cooperation within the framework of corporate responsibility

The vast majority of large companies and some small and medium-sized companies stated that they had experience in working with the non-governmental sector before the pandemic. They defined this partnership as quite successful and effective. Some of them mentioned collaboration within the scope of UN Sustainable Development Goals and corporate responsibility contests. During the pandemic, they mainly interacted with the non-governmental sector to address social problems by organizing charity events and helping vulnerable groups.

Companies of different sizes and from different sectors assessed differently their relationship with the non-governmental sector. For example, some large companies (e.g., financial institutions, shopping malls, hotels) reported that they were involved with the governmental process of establishing regulations during the first wave of the pandemic. Most of the companies surveyed (especially small and medium-sized companies) reported that during the pandemic they had no contact with the government and incidentally learned about the new regulations from television.

Representatives of large businesses expressed the same opinion at the focus group session. The pandemic has intensified relations with both the governmental and non-governmental sectors. In general, the crisis has shown the importance and effectiveness of cooperation between different sectors. One of the respondents mentioned that if previously the main problem in relations with the government sector was

bureaucracy and prolonged processes, during the pandemic these problems were minimized and all parties involved tried to reach a concrete result as quickly as possible.

At the focus group session with the medium-sized companies, opinions were divided regarding the partnership with the government: some managers mentioned that they were never actively collaborating with the government neither before nor after the pandemic. They feel that there has been no noticeable change in cooperation between medium-sized companies and the government in recent years; Only a company representing the manufacturing sector mentioned that due to their business profile, they had to take an active part in the communication meetings with the government. The operation of their business depended on the decisions of the government, therefore they wanted to avoid inappropriate regulations issued by the state (such as those implemented during the first stage of the pandemic) by participating in meetings. The decisions made during the first stage of the pandemic needed to be revised, they required clarification so as not to jeopardize the ability of the business to operate.

Most of the surveyed small companies reported that during the pandemic they had no contact with the government and incidentally learned about the new regulations from television. Representatives of small companies consider that the decisions were mostly tailored to large companies rather than to the needs of small businesses. According to the surveyed managers, meeting the new regulations was quite difficult for small companies.

Some small companies admitted that their

main concern was “self-preservation” could not put much effort in partnerships. In their case, multi-sectoral cooperation has not been escalated within the framework of corporate responsibility.

When it comes to relations with other stakeholders, most of the surveyed companies (large and medium-sized companies) noted that they could see some progress in this regard. Some sectors (e.g. shopping malls, tourism sector) united and tried to deal with the problems caused by the pandemic together.





MEDIA

Media analysis covers the following topics:



I. Coverage of corporate responsibility



II. The decision-making process on corporate responsibility coverage



III. Priority Areas of corporate responsibility and stakeholders



IV. Impact of the pandemic on corporate responsibility coverage



V. Business challenges and new business opportunities



VI. The media's approach and promotional steps taken during the pandemic



I. Coverage of corporate responsibility

Frequency of coverage of corporate responsibility activities- Most of the surveyed media organizations cover corporate responsibility quite often, once a week at least. Some respondents mentioned that sometimes this subject is covered several times a week. The rarest frequency was reported once every 2 months. According to one respondent, there has been a growing trend recently in terms of coverage of corporate responsibility.

According to one respondent, there has been a growing trend in terms of frequency of corporate responsibility coverage in recent years.

Initiating the corporate responsibility coverage – Regarding initiatives, it has been revealed that there is a mutual interest in covering corporate responsibility. The initiators are both media organizations and companies themselves. However, it was also noted that in most cases, companies themselves are more active in this regard and more often turn to media organizations for coverage than vice versa. One respondent deems the interest of coverage mutual and states that initiation comes equally from companies and media organizations.

It was noted that the topics of corporate responsibility covered by the media organization on its own initiative are mainly related to research, awards, contests, and similar non-profit causes. However, materials provided by businesses themselves are rarely covered, because it is perceived as commercial advertising.



II. The decision-making process on corporate responsibility coverage

The decision-making process on corporate responsibility coverage – We find a whole different reality when it comes to this subject. In this case, a decision is made by the producer or the majority of the editorial team. Most of the time, the decision on covering corporate responsibility is made based on the popularity of the causes that are to be covered. If the topic interests the media organization then it is covered. Additionally, some of the respondents claimed that corporate responsibility is covered within the scope of the commercial packages purchased by companies. Moreover, within the scope of collaboration, media organizations offer free corporate responsibility coverage to their partner companies.



III. Priority Areas of corporate responsibility and stakeholders

Priority areas of corporate responsibility – Most of the time, media organizations do not have priority areas identified in terms of corporate responsibility coverage. They state that every corporate responsibility subject is interesting to cover, therefore, when it comes to competitive moments, they prefer to cover the most popular causes. One of the media representatives noted that during the pandemic it became important to promote small and medium-sized businesses, therefore the priority was to cover the activities of these respective companies.

Companies that collaborated with media in terms of corporate responsibility coverage - A large portion of respondents state that the list of companies they have collaborated with is not big. Large

companies were especially active in this regard, in particular, the banking sector, the gambling sector. Mostly financially stable companies order corporate responsibility coverage. Meanwhile, a small proportion of respondents state that the list of companies interested in covering corporate responsibility causes is diverse and covers almost all sectors; During the pandemic, companies turned to the media for the coverage of chiefly charitable activities.

Corporate responsibility issues that interest the viewers - According to some media representatives, viewers were especially interested in the coverage of charitable and social causes. They also mentioned various positive corporate responsibility campaigns that were relatively large-scale and ongoing (e.g. "Natakhtari Foundation" activities). However, there were respondents who found it difficult to recall and highlight the topic of corporate responsibility, which was of great interest to the audience.

Also, one of the media representatives explained that since the rating of any one particular story is not being measured, they do not have the means of detailed analysis and it is difficult to determine which corporate responsibility topic the viewers are most interested in.



IV. Impact of the pandemic on corporate responsibility coverage

Impact of the pandemic on the frequency of corporate responsibility coverage - Most media organizations report that the frequency of corporate responsibility coverage has increased significantly (approximately doubled). Only a part of the respondents mentioned that as a result of the pandemic the frequency of coverage did not change and on the contrary, the companies' appeal in this regard decreased.

Impact of the pandemic on the coverage of priority areas in corporate responsibility - Most media representatives surveyed noted that charitable and social activities became a priority topic during the pandemic. Only a small number of respondents think that the priority topics did not change in recent times at all and the pandemic did not have an impact in this regard, therefore they covered the same issues as before the pandemic.



V. Business challenges and new business opportunities

Business challenges caused by the pandemic - During the pandemic, businesses faced many challenges and problems. According to media representatives, the challenge for a number of businesses was the transition to working remotely, switching to digital platforms, and launching e-commerce. For some businesses, the main challenge was to retain employees and generally be able to continue operating. One of the media representatives points out that the main challenge during this period is the unpredictable environment, which prevents companies from developing an action plan.

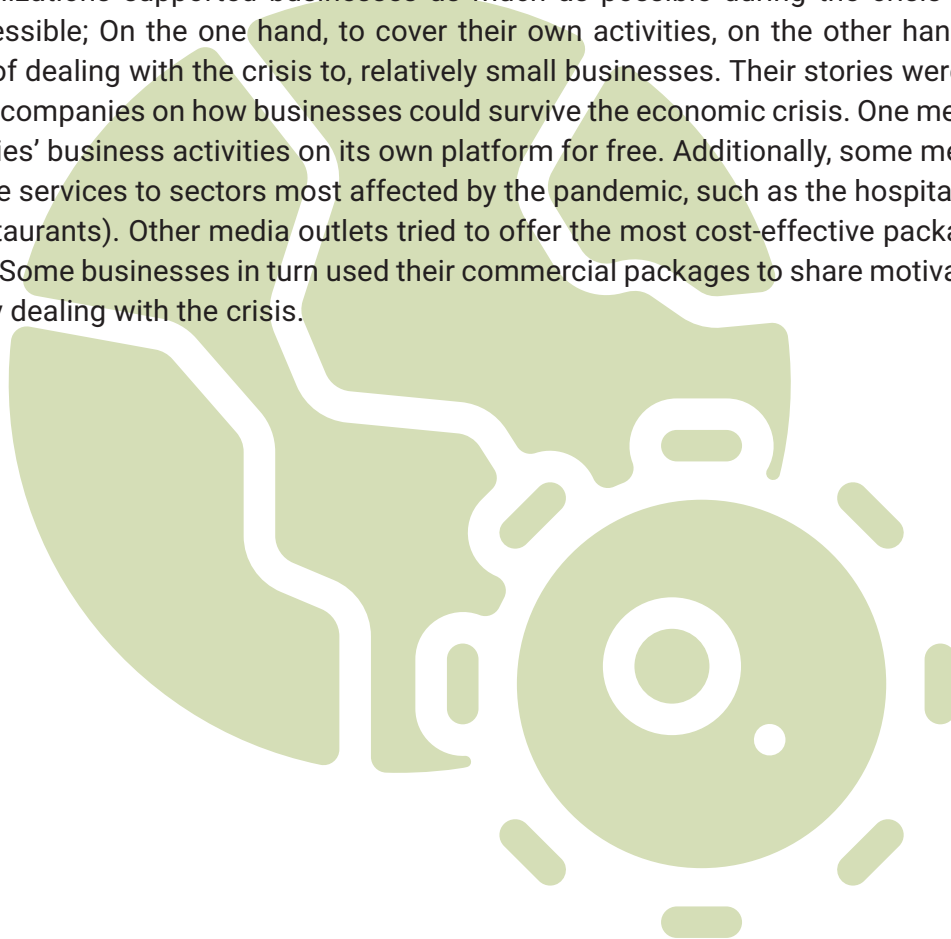
New business opportunities generated by the pandemic - In terms of new business opportunities companies emphasized: fast digitalization of businesses and e-commerce, as well as opportunities for financial savings and cost savings as a result of remote work. It was noted that the adaptation of small companies to modern technologies during the pandemic will bring them additional opportunities in the future.



VI. The Media's approach and promotional steps taken during the pandemic

Methods of media organizations during the pandemic - Most media organizations claimed that during the pandemic, they are less commercially oriented and more “empathetic” to companies when it comes to covering corporate responsibility causes. They also noted that they maintained a safe work environment during the pandemic by shifting work schedules, working remotely as much as possible, regularly testing employees, and observing other safety measures dictated by regulations. Some media representatives mentioned that physically inviting respondents for the interviews became difficult, so the interviews are now mostly conducted remotely. Media organizations also explained that because most of the companies were hit hard by the financial crisis and some of them went bankrupt altogether, their advertising revenue got reduced. This new reality has led to them having to work harder in order to achieve the same results they had before the pandemic, as well as to cover salaries and other responsibilities.

Promotional steps taken during the pandemic - Media representatives unanimously point out that coverage of responsible activities and behaviors is of paramount importance during a pandemic. This motivates businesses to get more involved in creating the public good. According to the respondents, media organizations supported businesses as much as possible during the crisis by making their airtime accessible; On the one hand, to cover their own activities, on the other hand, to share their experience of dealing with the crisis to, relatively small businesses. Their stories were about the best practices of companies on how businesses could survive the economic crisis. One media even posted the companies' business activities on its own platform for free. Additionally, some media outlets also provided free services to sectors most affected by the pandemic, such as the hospitality industry (hotels and restaurants). Other media outlets tried to offer the most cost-effective packages possible to companies. Some businesses in turn used their commercial packages to share motivational stories of successfully dealing with the crisis.





EXPERTS

The expert analysis covers the following key issues:



I. Strategic approach to corporate responsibility and priority areas



II. Decision-making process regarding corporate responsibility



III. Resources allocated to social or environmental responsibility in the business sector



IV. Coverage of corporate responsibility



V. Sustainable corporate governance and labor relations



VI. Main challenges and new business opportunities



VII. Multi-sectoral cooperation within the framework of corporate responsibility



VIII. Interesting findings regarding corporate responsibility



I. Strategic approach to corporate responsibility and priority areas

Priority areas of corporate responsibility before the pandemic – When discussing corporate responsibility, the first thing that experts in this field mention are that over the years, Georgian businesses have not been able to distinguish the importance of corporate responsibility and have often equated it with marketing or charitable activities. According to experts, the corporate responsibility strategy, if it exists at all, largely coincides with the marketing strategy. In most cases, there is no separate official corporate responsibility strategy in the companies operating in Georgia. In their view, companies do not understand that it is not necessary for businesses to have large incomes to work towards this direction. Hence, corporate responsibility activities are mainly found in large companies, and very rarely - in small and medium-sized ones. Most businesses mainly organize charitable projects, which often take the form of one-off activities, that are equated with corporate responsibility.

It is noteworthy that according to one of the experts, young entrepreneurs founding startup businesses are more aware of corporate responsibility issues than large and experienced companies. Before the pandemic, they identified the following as active priority areas: environmental protection, education, caring for vulnerable groups, and eradicating poverty. According to experts, the companies that carry out more or less correct corporate responsibility activities, mainly choose the field of education, because this is a major issue in this country. Additionally, they see great benefits for businesses while working in this field (For example construction companies that provide education in their field in vocational schools, as well as financial institutions that promote education and youth involvement in their field). In general, the involvement of the financial sector in corporate responsibility is becoming more and more active, and it is necessary to emphasize their progress in this area.

Priority areas of corporate responsibility after the pandemic - Experts note that since the beginning of the pandemic, the use of the term corporate responsibility has increased. During the pandemic, the focus shifted to prioritizing staff and customer care, as well as promoting the work of the medical sector. In the aftermath of the pandemic, small and medium-sized companies that have survived the crisis and continue to operate have increased the frequency of one-off activities related to caring for the elderly and various vulnerable groups. It is important to note the provision of the information regarding regulations and ensuring their implementation via various methods by companies. According to experts, most of the companies have successfully adapted to the new reality and transferred most of the services to online platforms, as well as introduced a culture of remote work, etc.



II. Decision-making process regarding corporate responsibility

Structural units working on corporate responsibility and the decision-making process - According to expert findings, we only encounter a structural unit in the field of corporate responsibility within the companies operating under the status of a large business. Hence in these types of companies, the decision-makers are the heads and managers of the said department. Respondents point out that there are almost no structural units in the field of corporate responsibility in medium and small companies, and this field is combined with the Department of Marketing and Communications. Since

the awareness in these types of businesses of what corporate responsibility entails is low and they do not perceive it as a profitable investment, the decision-making process in this area is delegated to marketing, human resources manager, or other similar department head. It should also be noted that in small and medium-sized companies there are cases where directors and founders directly make decisions regarding this matter.



III. Resources allocated to social or environmental responsibility in the business sector

The budget allocated to corporate responsibility - We encounter allocated corporate responsibility budget only in the companies that have a structural unit in this field, as well as written strategy, and follow this strategy yearly. These companies are mostly representatives of the financial sector.

According to experts, some small and medium-sized companies do have a corporate responsibility budget that is included in the marketing budget or a separate budget for charitable and social projects. In other cases, similar activities are either not carried out at all, or the budget for them is designated on a case-by-case basis as needed for specific events.

Experts have no information about the budget changes after the pandemic, but they speculate that small and medium-sized companies were focused on survival and retaining employees, thus the budget allocated to corporate responsibility (if such a thing existed in the first place) would have been reduced. In the case of large companies, experts think the budget would have stayed the same, only the priority areas would have changed to accommodate new challenges posed by the pandemic.



IV. Coverage of corporate responsibility

Communication channels and frequency of coverage - Expert opinion on the coverage of corporate responsibility is divided. Some of them unequivocally believe that coverage in this regard has increased during the pandemic. This change was particularly noticeable in the television media. Traditional media often devoted airtime to companies that carried out community service activities, setting an example for other companies. Furthermore, there is an increase in the frequency and quality of companies' communications on digital platforms. Since companies had to physically distance themselves from the customers and only communicate online for months, they became even more active users of social media. The other half of the experts believe that the news was completely dominated by the events directly related to the pandemic and the coverage of corporate responsibility was reduced.



V. Sustainable corporate governance and labor relations

The impact of the pandemic on employee safety, their moral and psychological status, consumer safety, gender equality, and employee support - Many experts believe that because of the pandemic, companies should shift their focus from corporate responsibility to employee support. For example, in terms of their safety, improving their psychological state, increasing their level of satisfaction, and reducing any harm that may come to them. Nonetheless, experts believe that only several of the strong and large companies have been able to implement such changes and support their employ-

ees. They stated that the employee care measures taken by large companies during the pandemic period are more or less satisfactory. As for medium and small-sized companies, since the impact of the pandemic on them is different - employee care mechanisms there are not properly implemented. During the pandemic, maintaining the financial stability of the company proved to be a chief priority for medium and small businesses. Consequently, according to experts, these companies were not able to pay sufficient attention to corporate responsibility issues.

According to one of the respondents, the impact of the pandemic worsened the wellbeing of employees in most companies, which was due to the weak corporate responsibility mechanisms in the organizations.

Some experts believe that the increase of employee support initiatives during the pandemic is partly due to the regulations imposed by the state.

One of the experts emphasizes companies' activity on social media; According to him, during the pandemic period, large companies often covered cases of caring for the safety of employees and improving their morale.

Some experts find it difficult to provide accurate information on these subjects, although they note that during the pandemic they did not hear of any company discriminating against employees; They do not remember the cases of gender discrimination, however, they also do not notice any improvement in this regard.

Furthermore, one of the respondents identified specific business areas where problems in terms of employee support were observed even before the pandemic. During the pandemic, this expert believes that problems have intensified; These businesses being: supermarkets and retail chains.

Innovative approaches concerning the protection of the rights of employees and consumers - The pandemic has accelerated the process of transferring the whole economy to a digital platform and has shown companies that it is possible to conduct work remotely as well.

Most experts point out that because of the influence of COVID-19, a large number of companies saw the importance of digitalization and switching to online platforms. Hence, the pandemic had an accelerant role in this regard.

According to most of the respondents, all the companies that had an opportunity to switch to intensive use of technology due to their business model did so. They have transferred workflows on remote online platforms, switched to online trading to save companies during a pandemic crisis, as well as ensure the safety of employees and customers.

Experts say that companies that felt the crisis early on and were able to respond quickly were able to minimize financial damage. One expert argues that businesses are not moving to online platforms with sufficient intensity. – “During the pandemic, most companies remained on stand by and only began the process of digitization by the end of 2020”; Hence, these kinds of companies suffered the most.

The following were declared as innovative approaches: Digitalization, introduction/development of e-commerce, introduction and active use of information electronic technologies, mastery of IT technologies.



VI. Main challenges and new business opportunities

Business sustainability and new business opportunities - Experts confirm that the pandemic has created new opportunities for some fields of business; As well as emphasized the importance of sustainability; Some companies in specific fields managed to take advantage of the opportunities created by the crisis (for example delivery, courier/postal services, pharmaceutical companies). Additionally, there is a growing trend of launching startups on the market, such as disinfectant solutions, masks, delivery service startups. According to experts, companies that were able to catch the opportunities in time and seize them early on were able to deal with the crisis relatively easily. Some companies saw possibilities of digitalization, online commerce, and working remotely; As for the small and medium-sized companies that were not allowed to operate during the pandemic, they found themselves in a particularly difficult situation. As a result, most of these companies shifted their focus to adaptation to changing environments and survival.

As the experts state, the pandemic has shown businesses the importance of a crisis management and risk management plan for their companies.

It was noted that in terms of corporate responsibility, companies operating in Georgia still need to understand and grasp the true essence of this concept; Because of the pandemic, companies have seen the benefits of working remotely and their approaches towards this will likely change in the future. The most important issue turned out to be the maintenance of financial stability and survival of the companies in a changing environment. According to one of the respondents, in terms of corporate responsibility, companies are active only in areas where they see potential benefits for the business.

Internal and external problems of business – As experts explain, a number of internal and external problems were identified during the crisis.

Internal problems: The issue of financial stability - The problem of mobilizing financial resources, especially for the companies that don't have international representation; the need for changes concerning the management and decision-making in the company (One expert proposes, that companies need to reorient to the style of teamwork and team decision-making); Experts also saw the need for the companies to pay more attention to employee satisfaction and increasing their motivation;

External problems: The issues of the need for proactive communication and the adequacy of communication channels; how well the communication channels with the customer and the supplier were set up. The necessity for digitalization and the challenges associated with switching to an online platform - late response, increased costs, etc.

Experts suggest that medium and small-sized companies especially will have to deal with the problems posed by the pandemic. The main challenges posed to these businesses are survival and maintenance of stable operations. As for large companies, it was noted that their focus should be on creating a development strategy and actively implementing that plan.

Experts believe that businesses that managed to respond promptly and adapt to the new reality managed to overcome these challenges. As for the companies that showed rigidity, they faced more difficulties. However, the experts also recalled the case, when despite quick response and swift imple-

mentation of appropriate measures, the company failed to address the problems caused by the pandemic. For example, a fairly large company trading in accessories. Its online sales were unsuccessful and thus it was forced to exit the market.

According to one of the experts, there were some obstacles during the crisis period, but now most companies have reorganized the processes and are able to continue operating in accordance with the new reality.

Updated corporate responsibility strategy – Experts state that the necessity to develop a new corporate responsibility strategy was seen more by large business companies than by small and medium-sized businesses, since, because of the crisis, the latter's main priority was the survival of the company.

One of the respondents mentioned that developing a corporate responsibility strategy is as important for companies as determining the profitability of the business. Hence, it is essential that each company correctly defines whom it's affecting and develops a corporate responsibility strategy.

Part of the respondents think that during the pandemic companies saw new opportunities (e.g. the ability to work remotely), therefore, this necessitated the development of an updated action plan. Furthermore, most of the companies also saw the need to develop a crisis management strategy and consequent action plan during the pandemic.



VII. Multi-sectoral cooperation within the framework of corporate responsibility

Partnership with non-governmental organizations – The experts emphasized the importance of partnership with the non-governmental sector. They have noted the progress made in this direction. During the pandemic, businesses and NGOs began to work more actively together to solve problems. There has been a growth of partnership projects in the field of market research, charitable activities, as well as regarding the growth of partnership projects in the field of market research, charitable activities, as well as the number of partnership projects within the competition for corporate responsibility award, has increased. However, it is also noteworthy that businesses are less likely to consider NGOs as partner organizations. Their collaboration mainly takes place when a specific need arises and it becomes necessary to find /involve a non-governmental organization.

One expert notes that the transition to digital format has created some obstacles as relationships have become more formal and flexibility has been lost. Also, different types of events, attending of which made it possible to initiate new interesting projects or topics, are no longer held.

Partnership with the government - Most of the experts surveyed stated that pandemic necessitated a more active relationship between the private sector and the government (in terms of distribution and various financial assistance). Additionally, both parties were also actively involved in the communication and regulatory process. Despite the intensification of the relationship and the involvement of businesses in the development of regulations, experts note that more communication was needed with the businesses representing specific fields. Government should have reinforced specific decisions (regarding restaurant business, gyms) according to factual evidence provided by studies and research.

Partnership with other stakeholders - During the pandemic, there were cases when competing com-

panies tried to solve various problems in different fields through joint efforts. According to experts, businesses were able to create examples of good networking during the crisis and unite to achieve common goals.



VIII. Interesting findings regarding corporate responsibility

Interesting findings - Some of the interviewed experts found that during the pandemic, companies were not only active in terms of charitable causes but also directly involved themselves in the organization of various interesting activities in terms of providing their services and products; For example, they provided free services and training, etc.

There were also interesting examples of caring for partners when partner organizations offered each other various benefits and provided assistance.

One of the experts said that the role of the government in the aforementioned changes is big because the regulations passed by them obligated companies to take concrete steps.

Qualitative Research Analysis: Focus Group Sessions with the Business Sector

The following is an analysis of 3 focus group format sessions. Each focus group format session was conducted separately with large, medium, and small companies. Representatives of 6 large, 5 medium and 6 small companies agreed to participate in the focus group session. The analysis of focus group sessions is based on information provided by businesses representing the following fields: banking, insurance, hospitality, medical, construction, trade, publishing, and professional services.

THE ANALYSIS CONSISTS OF THE FOLLOWING MAIN TOPICS:



I. Strategic approach to corporate responsibility and priority areas



II. Decision-making process regarding corporate responsibility



III. Sustainable corporate governance and labor relations



IV. Main challenges and new business opportunities



V. Multi-sectoral cooperation within the framework of corporate responsibility



LARGE ENTERPRISE



I. Strategic approach to corporate responsibility and priority areas

Representatives of the companies present at the focus group noted that large companies became more active regarding corporate responsibility during the pandemic. They identified and refined priority areas, as well as added new activities, which turned out more relevant for companies due to the reality posed by the crisis. Representatives of large companies claimed that the crisis has strengthened the corporate responsibility of their companies and that they started prioritizing taking care of employees, keeping them safe and employed, even more.

Based on the analysis of the focus group session with large businesses, we can say, that today, on the Georgian market, the representatives of the financial sector are the companies that work most systematically on corporate responsibility. According to the representatives of the financial sector, after the spread of COVID-19, their activity in terms of corporate responsibility has increased, as well as the budget allocated to it. They claim that nowadays corporate responsibility is one of the leading departments in their companies.

Representatives of large companies name education, business promotion, and employment as the main priority areas of corporate responsibility. The focus group identified interesting projects aimed at creating an equal educational opportunity for school children and students. Most of the surveyed companies provided this segment with free access to the Internet, computers, and various communication platforms. Furthermore, one of the companies came up with an interesting project aimed at supporting businesses and ensuring that they survived the pandemic and were able to fully return to

the work process afterward. Moreover, some steps were taken towards helping businesses in the tourism sector, via activating domestic tourism.

Respondents unanimously stated that every company assisted the organizations working in the medical field as much as they could, providing them with various hygiene supplies and virus protection equipment.

One of the companies that represented the hospitality sector on the focus group stated that they had to send employees on temporary, unpaid leave. However, they managed to find an interesting solution to the said problem – the company set up a private fund that was able to mobilize 13,000 euros and helped the unpaid employees in the course of several stages.

Corporate responsibility strategy: representatives of large companies claimed that they have not changed the priority areas of corporate responsibility developed before the pandemic. They believe that their corporate responsibility strategy turned out to be correct and appropriate, fully adapted to the new reality. Therefore, it did not need to be revised due to the pandemic. They just intensified its implementation.

II. Decision-making process regarding corporate responsibility in Georgia

All respondents in the focus group unanimously state that the pandemic has accelerated the decision-making process in their companies. According to a representative of one of the companies, the situation was such a force majeure that decisions were made directly by the CEO during this period and the rest of the various issues were being discussed in the shortest possible time. They said the pandemic eliminated all bureaucratic problems that had previously hindered the work process. The pace has accelerated so much that they can't even imagine going back to the previous tempo.

III. Sustainable corporate governance and labor relations

Representatives of large companies point out that the pandemic has increased the importance of caring for employees and some steps have been taken in this direction. The most important challenge became the mental health of the employees, which was initially disrupted by the vague reality and the new work (remote) regime. Companies named constant communication with employees as the best method to combat this problem. To ensure this, they purchased various services and platforms that effectively replaced work meetings and the need for physical contact that was limited by the pandemic.

They also focused on the safety of employees in order to prevent the direct spread of the virus. The best methods for achieving this outcome were partial remote work, complete equipping of workspaces with the necessary inventory for security, the new work schedule of working in shifts, as well as the introduction of online products and services.

A different practice was named by a representative of the hotel chain; For the safety of the customer, they have introduced new approaches directly to the cleaning of hotel rooms, which creates an additional sense of security for customers and gives them more confidence in the brand.

A representative of the hotel chain described a different practice for the safety of the customer, they devised new methods of cleaning the hotel rooms, which creates an additional sense of security for customers and gives them more confidence in the brand.

IV. Main challenges and new business opportunities

Representatives of the large companies from the financial sector noted that during the pandemic they clearly saw new business opportunities concerning developing online services and online products. They said that the thing that had been planned for years and could not be achieved by various marketing campaigns, was achieved by the pandemic – The dramatic increase of the number of online service users from all age segments.

The remote work process was named as an additional opportunity. It was noted that the remote work process was initially viewed with skepticism and seemed impossible, however during the pandemic period it became completely real and displayed many positive aspects.

A representative of the hotel chain considers staff layoffs as a problem and a challenge that was caused by the regulations and for them was the most difficult decision to make. They recall the time given to them to review processes as an opportunity. Because of this, they were able to correct the shortcomings in various areas (for example, a hotel chain representative noted that the stock replenishment process was reviewed and deficiencies corrected, thus eliminating the issue of excess food supplies; the excess food supplies were then distributed to employees and vulnerable groups).

V. Multi-sectoral cooperation within the framework of corporate responsibility

The pandemic has intensified relations with both the governmental and non-governmental sectors. In general, the crisis has shown the importance and effectiveness of cooperation between different sectors. One of the respondents mentioned that if previously the main problem in relations with the government sector was bureaucracy and prolonged processes, during the pandemic these problems were minimized and all parties involved tried to reach a concrete result as quickly as possible. Collaboration with the non-governmental sector and their role in various decisions are positively assessed by the representatives of all sectors.



MEDIUM ENTERPRISE



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I. Strategic approach to corporate responsibility and priority areas

Representatives of medium-sized companies noted that mainly large companies have a corporate responsibility strategy in Georgia. However, as they have observed, it is often difficult to distinguish a corporate responsibility strategy from a marketing strategy, since many companies simply have a marketing strategy that is passed off as corporate responsibility strategy.

From the point of view of medium-sized companies, these types of organizations have an action plan developed mainly via internal resources, and it is not often possible to allocate funds to hire external consultants. A medium-sized organization can have a corporate responsibility strategy (plan) developed, but it may be difficult for the company to take responsibility in these areas/find appropriate staff for it (especially given the situation with Covid pandemic). During Covid, no real need emerged to develop a new corporate responsibility strategy for medium-sized businesses.

It was mentioned that it would be useful for medium-sized companies to increase awareness of corporate responsibility. Companies need to see the real value of corporate responsibility and the difference between CR and marketing. In this regard, managers believe that some support and advice from NGOs would help businesses operating in Georgia. If non-governmental organizations become more active and start cooperating with businesses, they believe that corporate responsibility will be strengthened and better developed in Georgia.

Most of the representatives of medium-sized companies mentioned that during the pandemic they mainly carried out one-time activities, especially in terms of helping vulnerable groups (the elderly).

Companies that do not have a structured corporate responsibility plan were characterized by one-

off activities during the pandemic, such as donating money to the Covid Foundation and carrying out charitable activities.

Companies with a corporate responsibility strategy were able to plan long-term projects. In terms of corporate responsibility, they emphasized supporting partners and promoting employment.

One of the managers in the focus group stated that only those companies that already had a corporate responsibility strategy in place during the pandemic could enact long-term changes and projects during the pandemic, while the rest of the companies found it difficult to engage in anything other than charitable activities.

According to the focus group participants, during the pandemic, small and medium-sized companies found themselves in a very difficult situation, practically being part of the vulnerable group themselves. However, all companies carried out various responsible activities to the best of their ability.

II. Decision-making process regarding corporate responsibility

Based on the analysis of the focus group session, it was revealed that the decision-making in terms of corporate responsibility in medium-sized companies has accelerated and the process has become simpler, more flexible. Bureaucratic matters have lost their relevance.

According to the managers present during the focus group, the acceleration of the decision-making process was led by the mobilization of companies' internal resources, all united around one goal. They believe that the rapid response during the pandemic is part of the crisis management, which was introduced to the Georgian market to some extent before the pandemic. One of the managers recalled the period of June 13 when businesses managed to unite quickly to solve problems. According to them, the Covid pandemic was not an exception. Even during this period, the private sector was quick to show readiness to help and to take responsible action.

III. Sustainable corporate governance and labor relations

During the pandemic, medium-sized companies strengthened their corporate responsibility for employee safety. In addition to the measures required by the regulations, further steps were taken for the safety of employees. Managers noted that companies that could switch to remote work based on their core business practices, did so early on and transferred their operations to online platforms (especially service providers and consulting firms). As for the business fields that had to be physically present in the workplace due to the nature of their work (eg manufacturing), they needed to strengthen communication, organize meetings, conduct training to be able to switch to a different, more safe work regime (in the context of enhanced safety measures). The most important aspect for medium-sized companies was the possibility of continuous operation of the business. In order not to stop working and proceed as safely as possible, they needed to respond immediately, make quick decisions and take appropriate action.

Most of the representatives present at the focus group session admitted that the first stage of the pandemic was a kind of psychological shock for them. So far, no manager had ever encountered such a case in their work practice or training. They did not know how to respond appropriately, hence there

were moments of confusion. However, they eventually managed to unite employees, some steps were taken, raising the awareness of the employees, which led to the internal strengthening of the company and more unanimity. It was emphasized that the issue of stable salaries was very important for maintaining the motivation of employees and supporting them. Therefore, most of the financial resources of medium-sized companies were mobilized and spent for this. They think that the maintenance of stable wages and jobs during the pandemic had a positive effect on the mood and psychological wellbeing of employees. The importance of communication to employee support must also be noted. During the pandemic, companies constantly sought to encourage employees through communication, especially during the first phase of the pandemic, when most companies switched to remote working, which turned out to be a drastically different reality for everyone. It was noted that the common challenges posed by the pandemic were met with more responsibility by the businesses surveyed. In terms of meeting the technical requirements, more or less all medium-sized companies managed to organize the processes effectively. However, maintaining financial stability was deemed as of the most importance.

It was also noted that various innovative approaches were identified for employee safety in the surveyed medium-sized companies. Websites were created for sharing information. Companies also introduced and developed certain types of innovations: updated online platforms, refined the services and products offered, and adapted them to existing environmental factors, which they believe further emphasizes the responsible behavior of businesses.

IV. Main challenges and new business opportunities

Focus group participants noted that technical equipment was a major problem in medium-sized companies. It was challenging to provide staff with the necessary equipment on time; As well as digitalize the process for technological rearrangement, which was achieved in about 1 month. The crisis revealed strengths and the ability to mobilize, which ensured business operating continually. The companies providing consulting and similar services noted that they had no problems in moving the processes to online platforms. However, in their case, there was a problem of communication with organizations providing public services. For example, they had to request various information for research, which was provided late, so the project deadlines were delayed. Some managers noted that during the first stage of the pandemic some psychological problems were identified. The uncertainty caused delays in the work process. The most difficult challenge for business was quickly switching to remote working.

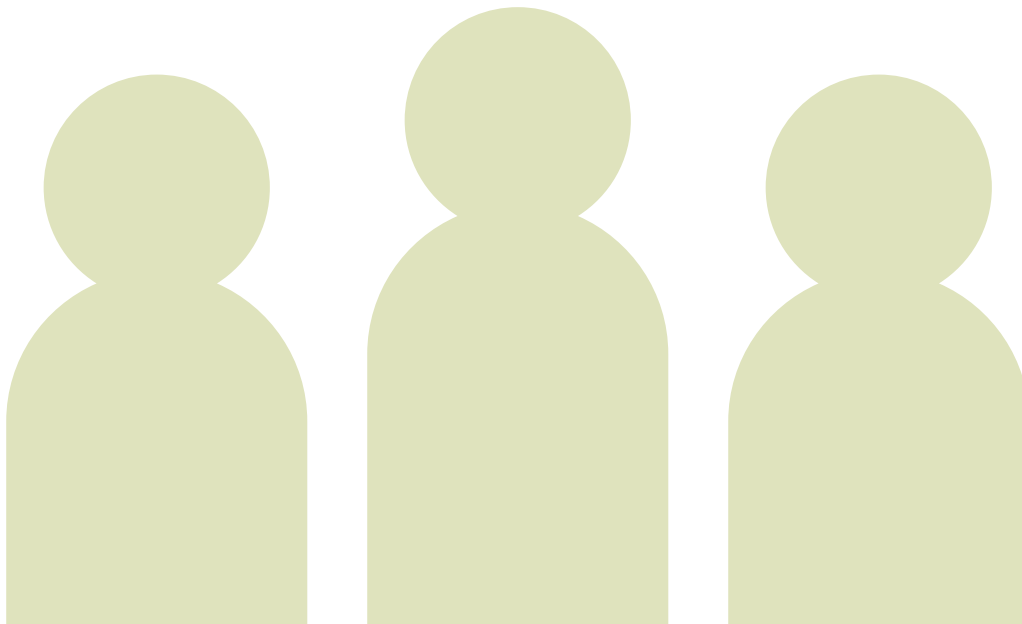
The representative of the door & window manufacturing company noted that there were structural units within their organization, for which the remote work process was completely justified. For example, the work of a marketing department that had no hindrances during the pandemic.

It was noted that businesses during the pandemic began to think about improving processes, followed by the development/improvement of products/services, these caused the emergence of new business opportunities that were seized by some organizations. For example, one of the companies started to produce a new product for distance maintenance - different types of partitions (for cars, shops, etc.).

A representative from the management consulting industry noted that during the pandemic, several companies reviewed and reduced their communication budgets. Some long-term projects were canceled. Although new projects were also created during the pandemic, some of their clients organized corporate responsibility projects, which are planned for 2021.

V. Multi-sectoral cooperation within the framework of corporate responsibility

Due to the pandemic, there seems to be a growing trend of partnerships between businesses and non-governmental organizations, there has been an increase in charitable partnership projects. Regarding the partnership with the government, opinions were divided: some managers mentioned that they were never actively collaborating with the government neither before nor after the pandemic. They feel that there has been no noticeable change in cooperation between medium-sized companies and the government in recent years; Only the company representing the manufacturing sector mentioned that due to their field they had to take an active part in the communication meetings with the government. The operation of their business depended on the decisions of the government, therefore they wanted to avoid inappropriate regulations issued by the state (such as those implemented during the first stage of the pandemic) by participating in meetings. The decisions made during the first stage of the pandemic needed to be revised, they required clarification so as not to jeopardize the ability of the business to operate.



SMALL ENTERPRISE



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I. Strategic approach to corporate responsibility and priority areas

According to the majority of representatives of small companies, due to lack of funds, businesses of this size rarely carry out large-scale corporate responsibility activities; Surveyed managers stated that they make a small contribution to corporate responsibility in regards to protecting the environment - using recycled paper, promoting landscaping, ensuring employee rights.

It should be noted that most of the small organizations equate corporate responsibility with charity, claiming that they are also more active in this regard and often hold one-time charitable events.

It turned out that the pandemic impacted small companies quite severely. The crisis period led to the financial instability of the businesses. Some organizations had to partially suspend their activities for some. Due to COVID-19 pandemic, the priority areas of corporate responsibility have shifted to caring for employees. Managers believe the pandemic has completely changed their work process. Especially big changes were made in the company from the medical field, where during this period they paid extra attention to both customer and employee safety.

When businesses closed in Georgia, the number of unemployed people increased. Representatives of small companies attending the focus group consider maintaining salaries and jobs for employees their main achievement.

Corporate responsibility strategy: Attendees of the focus group session stated that the pandemic period was a good opportunity for businesses to understand the necessity of a strategy and an action plan to help them in crises (in terms of management).

They believe that small companies in Georgia do not have relevant knowledge and information about the concept of corporate responsibility and do not know what benefits it can bring to the business.

According to their observations, having a strategy is generally very rare for small companies. In many organizations, aside from corporate responsibility strategy, there isn't even a marketing strategy.

Managers believe that due to the crisis of the Covid pandemic, it is less important for small companies to develop a corporate responsibility strategy. As for large organizations, they see the need to develop a specific strategy because they have a much greater impact on employees and the environment in general. It was argued that at first large organizations must start the trend and properly implement these approaches on the market for small companies to follow.

At this stage, there seems to be no willingness of small companies to develop a strategy. For them the most important end during the pandemic period is to save the business and to maintain salaries for the employees. Their responsibility is to care for employees. Their chief desire is to be able to maintain and increase salaries for employees.

II. Decision-making process regarding corporate responsibility

Focus group session analysis revealed that in the case of small companies, the pandemic did not cause significant changes in their decision-making. Most of the managers present admitted that allocating funds for various activities became complicated. Small companies refrain from incurring large costs since the crisis environment is unstable.

III. Sustainable corporate governance and labor relations

During the pandemic, small organizations took measures dictated by regulations to ensure the safety of employees.

The organization involved in the jewelry retail noted that during COVID-19 they completely switched to the online sales platform. Products were sold remotely, hence the safety of their employees was maximally protected. Small companies providing consulting services began operating remotely, thus continued working safely without interruption of processes. In the case of construction and medical fields, it was physically impossible for them to switch to remote work. Hence, for the safety of the employees, they incurred large expenses, purchased the appropriate equipment (outfits), provided transportation, and divided employees into different groups that took shifts to go to work. The involvement of small companies in caring for their employees needs to be highlighted. They tried to maximally reduce pandemic risks and protect employee safety.

As for employee mental health, because of the small size of the companies, they emphasized an individualistic approach. Small companies can pay equal attention to each employee's wellbeing and assist them if necessary. Even during the pandemic, each employee was contacted individually and kept motivated.

Organizations from the medical field encountered exceptional difficulties regarding employee's psychological conditions. Since this kind of business faces more risks (direct contact with virus patients), employees were afraid. Management tried to reduce the risks as much as possible and actively worked to strengthen the safety measures for employees. They believe that the fear factor has decreased over time and employees are now in a better condition.

In the case of other organizations as well, initially an unstable environment greatly affected employees' mental state. The first period of the pandemic was somewhat depressing, later by caring for and motivating employees via frequent communication, the situation improved and they adapted to the new reality.

During the pandemic, small business organizations identified the following innovative approaches: electronic questionnaire system (medical field), online sales, meetings held on electronic platforms, updating / activating social networks and websites.

IV. Main challenges and new business opportunities

The following major problems were identified in small companies during the pandemic: newly implemented regulations created some complications in the work process, resource prices rose on the market (prices were also affected by inflation), international supply was hindered, causing the problem of access to resources, markets closed down and alternative resources were sought after. Customers became more price-sensitive, especially in the B2B area (orders were very low during the first phase of the pandemic), and in some cases, the number of customers was reduced due to fear (example of a dental clinic).

There were communication problems with the government. A tendency on the part of the government to make decisions that were less tailored to small companies and needed to be revised and corrected (there were many formal requirements in the regulations, which were very difficult and costly for small companies to meet, such as ventilation systems. An obligation to hire epidemiologists and security personnel, etc.).

Most of the attendees of the focus group session identified online sales, working remotely, and export as new opportunities.

V. Multi-sectoral cooperation within the framework of corporate responsibility

The example of the focus group organizations revealed that during the pandemic, small companies did not participate in meetings and communication with the government. Representatives of small companies believe that only large organizations attended meetings with the government, consequently, they argue that the decisions were mostly tailored to large companies rather than to the needs of small businesses. According to the surveyed managers, compliance with said regulations was quite difficult for small companies (especially for a company from the medical field).

Some small companies admitted that their main concern was "self-preservation" and the situation did not change in terms of partnerships. In their case, partnerships have escalated neither with the non-governmental organizations nor with other stakeholders.

One of the company representatives noted that it is desirable to increase the involvement of non-governmental organizations in corporate responsibility. In his opinion, if the non-governmental sector manages to formulate one big strategy, that unites small companies, each of them will make a small contribution and together they will be able to achieve useful, tangible, and long-term results.

CONCLUSION AND RECOMMENDATIONS



The aim of this study was the assessment of the influence of COVID-19 on Corporate Responsibility in the Business Sector in Georgia. The conclusion section presents an analysis of the main findings of the study based on information provided by the businesses, experts, and media representatives.

A strategic approach to corporate responsibility and areas prioritized by companies

According to the surveyed companies and experts, most businesses operating in Georgia do not have an official document regarding the strategy of corporate responsibility. Exceptions are large companies in the retail market and Georgian branches of international companies. As they state, corporate responsibility issues in Georgia are mainly found in marketing strategy. Also, the opinion of experts that some companies operating in Georgia equate corporate responsibility with marketing or charitable activities is confirmed by the information received from the representatives of medium and small companies. The opinion of experts and business representatives coincided in terms of priority areas as well, naming education as the leading area of corporate responsibility.

Decision-making process regarding corporate responsibility

The observation made by experts was verified by the example of the surveyed companies as it was revealed that except for some of the large companies operating in Georgia, almost none

of the companies have a separate department/manager for corporate responsibility; In most cases, this function is allocated to Marketing, Public Relations, Human Resources Department / Manager, as well as in some cases the Administrative Department / Manager or Director (mainly in medium or small companies).

As for the impact of the pandemic on the decision-making process regarding corporate responsibility, both experts and representatives of the companies stated that the crisis forced companies to become more flexible and agile, reduce bureaucracy, and speeded up processes as much as possible; Except for the companies that were shut down during the pandemic.

Resources allocated to social or environmental responsibility in the business sector

Experts and surveyed businesses state that we encounter allocated corporate responsibility budget only in the companies that have a structural unit in this field, as well as written strategy, and follow this strategy yearly. These companies are mostly representatives of the financial sector. The opinions of medium and small company representatives and experts coincide and they say that, according to experts, some small and medium-sized companies do have a corporate responsibility budget that is included in the marketing budget or a separate budget for charitable and social projects. In other cases, similar activities are either not carried out at all, or the budget for them is designated on a case-by-case basis as needed for specific events.

They speculate that small and medium-sized companies were focused on survival and retain-

ing employees, thus the budget allocated to corporate responsibility (if such a thing existed in the first place) would have been reduced. In the case of large companies, experts think the budget would have stayed the same, only the priority areas would have changed to accommodate new challenges posed by the pandemic.

Most of the companies of this size mentioned that they once managed to find financial resources for charitable activities, if only in exceptional cases.

Coverage of corporate responsibility

Some of the surveyed businesses (large companies) state that they actively cover corporate responsibility using various platforms (mainly buying traditional media placement packages); As for medium and small companies, in their case, the coverage of corporate responsibility is mainly done on low-budget platforms - through social media.

The opinion of the experts coincides with the information provided by the companies, although it differs in terms of coverage of charitable activities; Most of the companies state that they do not cover charitable activities at all, however, according to experts, this is the most frequently covered area, and the frequency of the coverage of these issues has increased even more during the pandemic.

Some media representatives agree with the experts and note that the number of applications for coverage of charitable and social activities has increased especially during the crisis. Furthermore, during this period, the media themselves became very interested in covering positive ex-

amples and turned to various companies for this purpose. Most of the time, media organizations do not have priority areas identified in terms of corporate responsibility coverage. Therefore, when it comes to competitive moments, they prefer to cover the most popular causes. According to some media representatives, viewers were especially interested in the coverage of charitable and social causes.

Business challenges and new business opportunities

It is noteworthy, that most companies were particularly active in protecting labor rights and employee safety during the pandemic; The vast majority of companies surveyed state that all measures required by the regulation were implemented, and even the additional steps were taken in this direction.

Some experts believe that the intensification of employee support initiatives during the pandemic was partly due to government-enforced regulations, and only a handful of large companies made changes for the better in terms of employee safety, while most other companies saw fewer changes in these areas. In some cases, the situation worsened even (E.g. in grocery stores).

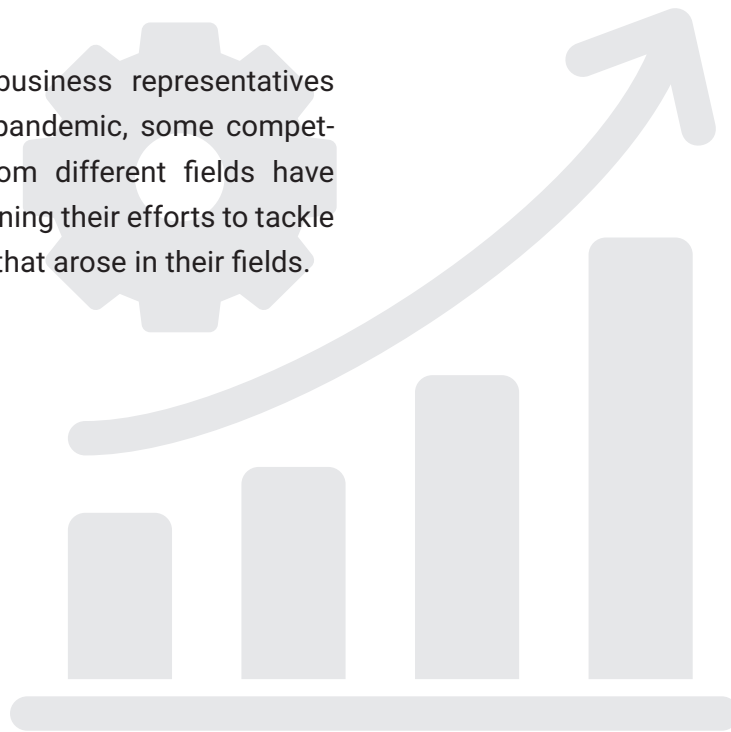
Multi-sectoral cooperation within the framework of corporate responsibility

Expert opinion coincides with the opinions of company representatives regarding employees of the private and non-governmental sector. The surveyed experts noted that, from their perspective,

the relations between these two sectors are more active and if necessary, they will work together more frequently.

Experts noted that based on the challenges posed by the pandemic, communication between the government and the private sector has intensified. However, in some cases more communication and information exchange was not necessary. Experts as well as large and medium-sized company representatives believe that the communication frequency between the government and the private sector has increased. Most small businesses surveyed did not collaborate with the government before the pandemic and did not attend communication meetings during the crisis either.

Experts and some business representatives noted that during the pandemic, some competitors or companies from different fields have worked together, combining their efforts to tackle the various challenges that arose in their fields.



RECOMMENDATIONS

Raising awareness of corporate responsibility

The need to raise awareness of corporate responsibility was highlighted several times during the study. Companies need to see the real value of CR, understand the difference between marketing and corporate responsibility. In this regard, according to the managers participating in this study, some initiatives and support \ from the non-governmental sector would be useful for businesses in Georgia. If non-governmental organizations become more proactive and support business, they believe that the direction of corporate responsibility in Georgia will definitely be strengthened.

It would be useful to develop a country level strategy for raising awareness of corporate responsibility - a document implying long-term and short-term goals, strategic alternatives, the stakeholders and their roles.

Proactive involvement of the media in the coverage of corporate responsibility

A significant number of the surveyed companies noted that media companies often refrain from reporting on corporate responsibility activities since this might be perceived as advertisement. For this reason, many interesting initiatives and projects do not get wide publicity, unless the implementing party decides to advertise them. Media companies should be more actively involved in supporting and promoting corporate responsibility. Media is capable of increasing the motivation of companies to pay more attention to CR.



Global Compact
Network Georgia