

CSR practices of Moroccan companies in the Covid era

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Abstract: The health, economic, and societal repercussions arising from the SARS-CoV-2 virus have underscored the imperative for collaborative efforts among all stakeholders in addressing an unprecedented situation. The objective of this article is to enumerate the measures implemented by enterprises amidst the outbreak. The initiatives manifest a commendable commitment by companies towards society, thereby aiding in the alleviation of the ramifications caused by COVID-19. To be more precise, the main duty was to protect the interests of shareholders and investors while also giving priority to supporting vulnerable demographics, all while maintaining a commitment to commercial interests.

Keywords: Corporate social responsibility practices; stakeholder engagement; crisis ; Moroccan companies ; Covid era.

I. Introduction

Today, the world is confronted with the peril of the coronavirus and its variants. This crisis requires clear national healthcare and preventive measures, which call for swift decision-making. Combating the pandemic has emerged as a foremost priority for governments and businesses alike. This pandemic serves not only as a litmus test for companies' dedication but also as an opportunity to showcase the value of Corporate Social Responsibility as a voluntary approach adopted by companies aiming to collaborate closely with their diverse stakeholders, surpassing even the bounds set by legislative frameworks.

In the face of this health crisis, certain companies have demonstrated their social responsibility. On the other hand, we must trust the authorities to establish effective communication channels. In Morocco, measures have been undertaken to fortify the country's healthcare infrastructure, resulting in an expansion of the intensive care bed capacity to 3,000 (from 1,642), catering to a population of 36 million. The Ministry of Health has extended the initially limited number of screening centers to encompass university hospitals and healthcare facilities, ensuring comprehensive territorial coverage.

A state of health emergency has been declared, with penalties ranging from one to three months of imprisonment and fines ranging from 300 to 1,300 dirhams imposed for non-compliance with mask-wearing mandates. Consequently, the wearing of medical masks in public spaces and workplaces has been made mandatory since Tuesday, 7th April 2020. Decrees have been issued to regulate mask prices, and voluntary reconfigurations of several industrial units have enabled an initial local production capacity of 5 million units per day. Additionally, His Majesty the King has commanded the deployment of military medical resources, including field hospitals.

The objective of this article is to assess the practices implemented by companies in Morocco concerning their stakeholders. Firstly, we will delve into the diverse theoretical concepts of social responsibility. Subsequently, we will explore the health situation in Morocco. Finally, we will closely examine the various actions that companies have taken during the pandemic.

II. Corporate Social Responsibility: Terminology

Interest in the 21st-century economic system and the emergence of Corporate Social Responsibility in scientific research have led to the recognition that businesses and society are deeply interconnected, extending beyond the relationships among employees, customers, suppliers, and the business community as a whole (McLennan and Banks, 2018). Generally, the practice of social responsibility entails a voluntary commitment by companies to actively contribute to the well-being of society while strengthening their relationships with various stakeholders. CSR can be categorized as internal CSR and external CSR (Deng et al., 2013). Internal CSR refers to formal initiatives within a company that employees can engage in, yielding development benefits and demonstrating the employers' respect for their workforce. Conversely, external CSR relates to stewardship practices directed towards the local community, the natural environment, and consumers. Corporate social responsibility aims to fulfill the discretionary, ethical, legal, and economic expectations of society at a given time. Discretionary or philanthropic CSR is a legitimate outcome of investors rewarding society for the privileges granted by the nation/state (Ararat, 2006).

Since the pandemic caused by the spread of SARS-CoV-2 is considered a natural disaster, crisis management becomes crucial. Any event of force majeure that impacts an individual's physical or mental health is considered a pandemic disaster.

During times of crisis, companies can provide support to society through their philanthropic activities (Gardberg and Fombrun, 2006). These activities allow companies to strengthen their presence in society and build their brand image. Such endeavors enable them to contribute to the collective consciousness of society and establish themselves as a company guided by moral principles and values.

CSR and Employees

Employees play a crucial role within a company, making them one of the primary stakeholders. They are the backbone of the organization; without their active participation, the company's operations would be disrupted or even come to a halt. Therefore, companies must give special attention to their employees to address their specific needs, grievances, and demands.

To foster employee development and ensure uninterrupted business operations, companies are implementing CSR measures. It has been observed that employees working in companies committed to CSR practices exhibit a strong level of engagement in their work performance and develop a sense of loyalty and dedication towards the employing organization.

Regarding CSR commitments to employees, companies must ensure fairness and equality among their workforce. Establishing a favorable working environment begins with creating a climate of security and assurance in which employees' rights are protected. Additionally, it is crucial to invest in employees by providing training opportunities to facilitate their career advancement. Another important way for a company to show its commitment to employees is by facilitating the formation of trade unions. Companies that offer social benefits to their employees tend to have a higher social performance (Clarkson et al., 2008).

CSR and customers

The company's production of goods and services serves its customers, and their ongoing consumption is crucial for the company's sustainability. To ensure the long-term sustainability of this relationship, the company must consider what is necessary to nurture and maintain it. In this regard, the company should strive to build customer loyalty and cultivate relationships through various measures, including commercial, marketing, and philanthropic efforts.

Customers of socially responsible companies often form a strong connection with the company. Philanthropic actions contribute to the establishment of shared values and principles, where customers unconsciously support the company and feel a bond as if it represents their own values and principles. As a result, the customer's identity becomes intertwined with that of the company, ultimately enhancing the company's reputation and brand image.

An illustrative example of the connection between social responsibility and consumers is when a company establishes a customer service department, even when not required externally, to address the diverse needs of its customers. Such an ethical action strengthens consumer confidence and fosters loyalty.

CSR and society

Although stakeholder theory aims to integrate ethics and management, it's clear that corporate capitalism often prioritizes other interests. The contractual bond, considered the most comprehensive form of social connection, aims to replace unilateral imperatives imposed by the law (Daugareilh, 2015). It is a fundamental element of economic ideology that perceives society solely as a group of individuals driven solely by self-interest.

For a company to be socially responsible, it must exhibit loyalty, legitimacy, and transparency in the eyes of the public. Apart from meeting the necessary standards in the production and supply of goods and services, companies should also participate in social and philanthropic activities, such as volunteering, charitable initiatives, and donations. These supportive endeavors enable the company to enhance its brand image and strengthen its relationships with stakeholders.

Mutual aid has the potential to address numerous societal challenges (Aknin, 2013). Therefore, corporate social responsibility plays a crucial role in managing the COVID-19 crisis by bridging gaps and meeting the diverse needs of society.

III. Stakeholder theory

Stakeholder theory is a framework within corporate management that primarily aims to protect the interests of all stakeholders, whether they are directly or indirectly involved in achieving the company's objectives. A stakeholder is any entity within a collective entity that has the ability to influence and effect change within that entity. Stakeholder theory serves as the bridge connecting companies with their employees, suppliers, shareholders, and society at large. Existing literature indicates that the practice of corporate social responsibility is intricately linked to the operating environment of the company and its stakeholders.

In line with stakeholder theory, CSR is used as a strategic management tool that serves as a mechanism to effectively engage and manage a diverse range of stakeholders, including shareholders, business partners, employees, suppliers, customers, local communities, non-governmental organizations (NGOs), government officials (GOs), and the environment. These entities wield significant influence over the company's business operations within society. Among the various stakeholders, employees (an internal stakeholder group), consumers, and communities (two distinct external stakeholder groups) are deemed the most crucial for companies (Brulhart and Gherra, 2013).

Within the multitude of stakeholders, companies give priority to employees, who form an internal stakeholder group, as well as consumers and communities, which make up two distinct external stakeholder groups (Brulhart and Gherra, 2013). Recognizing the critical role these stakeholders play, businesses place utmost importance on effectively engaging with and addressing the needs and interests of their employees, consumers, and communities. By doing so, companies strive to establish sustainable relationships that contribute to their overall success and societal impact.

IV. Methodology

The evaluation of a company's actions in managing the crisis caused by the COVID-19 pandemic, particularly concerning its stakeholders, involves analyzing and assessing its overall activities, attitudes, and actions towards society. These criteria are used to assess the company's CSR performance and its effectiveness in responding to the challenges posed by the pandemic.

The evaluation process may include an examination of the company's response to the needs and concerns of its employees, such as ensuring their safety, providing support, and maintaining fair and equitable employment practices. It also entails assessing the company's efforts in maintaining strong relationships with its customers, ensuring their satisfaction, and adapting its products or services to meet their changing needs during the crisis.

Moreover, the evaluation may also take into account the company's interactions with its suppliers and the steps taken to ensure the continuity of the supply chain, as well as the company's communication and transparency with its shareholders regarding the impact of the pandemic on its operations and financial performance.

In evaluating the company's actions, it is crucial to consider the alignment of its activities and initiatives with the principles of CSR, such as promoting social welfare, environmental sustainability, and ethical business practices. The company's contribution to society, including philanthropic actions, community support, and engagement in initiatives that address the broader societal impacts of the pandemic, should also be taken into account.

Through the assessment of these various aspects, stakeholders and observers can gain insights into the company's dedication to its stakeholders and its ability to navigate the crisis responsibly. The evaluation provides a basis for recognizing exemplary practices, identifying areas for improvement, and fostering a culture of corporate social responsibility that extends beyond compliance with legal requirements.

The data collection process is a crucial phase in the comprehensive assessment of CSR initiatives within a company. This section outlines the methods and procedures employed in gathering pertinent data, aligning with the specific objectives of this evaluation. Two data sources are used in this study, the official annual reports published by the firms as well as our survey fulfilled by the managers of the concerned firms. The firms concerned by this survey were Les Eaux Minérales d'Oulmès, Attijari Wafabank, Bank of Africa, Shell, Danone, CMA cgm, OCP group, and Lafarge Holcim.

V. CSR practices during the Covid pandemic in Morocco

The implementation of containment measures in response to the COVID-19 pandemic has had a significant impact on various sectors of the Moroccan economy. The Ministry of Education announced the closure of all schools, affecting approximately 8.9 million learners, including 6.2 million primary and secondary students. Additionally, non-essential businesses such as restaurants, cafés, and sports halls were required to close, and all sporting, cultural, and artistic events were canceled. Mosques and other religious buildings were also closed indefinitely. Public and private transport faced restrictions, and travel between towns required authorization from security forces and the army, who were deployed to enforce the measures for the benefit of society.

The economic indicators reflect the severe impact of the pandemic. Sectors heavily reliant on tourism, such as hospitality and catering, experienced a significant decline of at least 25%. In March alone, the number of visitors and tourists dropped by 100,000. The shock wave affected other sectors as well, including air transport, the textile industry, and the automotive industry, resulting in disruptions to both demand and supply. While some sectors, such as telecommunications and financial services, were relatively unaffected, others faced substantial revenue reductions. For example, service stations across the country reported an 80% decline in revenues.

In response to the economic challenges, the Central Bank decided to cut the key interest rate by 25 basis points to 2% on March 19. The Moroccan Capital Markets Authority (AMMC) implemented measures to regulate the Casablanca Stock Exchange (BVC), including reducing the variation thresholds applicable to financial instruments. The BVC adjusted its operating hours, opening the market from 9 a.m. to 3 p.m. to manage the situation and mitigate potential losses.

This study examines the production index for manufacturing industries, excluding oil refining, extractive industries, and energy industries, comparing the first quarter of 2021 to the same period in 2020. The output index for manufacturing industries, excluding oil refining, experienced a modest increase of 0.9%. Notably, the production index increased in sectors such as chemical industries (6.2%), food industries (3.8%), manufacture of rubber and plastic products (12.9%), paper and cardboard industry (5.7%), metal industry (1.3%), textile industry (1.4%), and leather and footwear industry (4.6%). However, the automotive industry (-11.5%), electronics industry (-24.2%), furniture manufacture (-12.1%), clothing industry (-1.8%), beverage manufacture (-2.1%), and other manufacturing industries (-15.2%) faced significant declines (“IPPIEM | Site institutionnel du Haut-Commissariat au Plan du Royaume du Maroc,”).

Furthermore, the extractive industries production index rose by 6.3%, driven by an increase in the index for miscellaneous products of the extractive industries (6.5%), metal ores (3.6%), and a slight 0.4% increase in the electrical energy production index. These findings illustrate the varied impact of the pandemic on different sectors of the Moroccan economy, with some industries managing to adapt to the challenges while others faced significant setbacks.

Indeed, the comparison between the first quarters of 2020 and 2021 reveals a mixed picture of recovery and decline in various sectors of the Moroccan economy. While some sectors have shown signs of recovery with an increase in the production index, others have experienced a decline.

The sectors that have been able to recover or maintain positive growth include chemical industries (6.2% increase), food industries (3.8% increase), manufacture of rubber and plastic products (12.9% increase), paper and cardboard industry (5.7% increase), metal industry (1.3% increase), textile industry (1.4% increase), and leather and footwear industry (4.6% increase). These sectors have demonstrated resilience and adaptability to the challenges posed by the pandemic.

On the other hand, the automotive industry has experienced a significant decline with an 11.5% decrease in the production index. The electronics industry also suffered a substantial setback with a 24.2% decrease. Other sectors that have faced declines include furniture manufacturing (-12.1% decrease), clothing industry (-1.8% decrease), beverage manufacturing (-2.1% decrease), and other manufacturing industries (-15.2% decrease).

These contrasting performances highlight the sector-specific impact of the pandemic and the varying ability of industries to navigate the challenges and adapt to the changing market conditions. It underscores the need for targeted strategies and supports to revitalize the sectors that have been severely affected and promote sustainable growth across the economy as a whole.

VI. CSR practices undertaken by Moroccan firms during the COVID-19 era.

CSR practices toward employees

Industrial companies have responded to the pandemic by implementing various measures to address the challenges and ensure the safety and well-being of their employees. These measures include promoting teleworking for administrative and managerial positions, adjusting work shifts and hours, intensifying cleaning and disinfection protocols, and providing necessary equipment and materials to prevent the spread of the virus.

In terms of financial management, companies have taken steps to preserve liquidity and improve their finances. This may involve reassessing measures, implementing cost-cutting plans, suspending specific investments, and temporarily halting the distribution of dividends and annual bonuses.

The Shell oil and gas group, for example, has implemented a cost-cutting plan to address the impact of falling crude oil prices caused by the pandemic. This is aimed at improving the company's financial situation.

To ensure the continuity of their operations and maintain long-term employment, companies have also sought additional financing options. For instance, "Les Eaux Minérales d'Oulmès" successfully launched a bond issue to optimize its cost of debt, strengthen its balance sheet, and finance planned investments.

Furthermore, companies have taken proactive measures to raise awareness about hygiene practices and protect their employees. For example, the Danone plant has adapted its work organization to ensure safe distancing, guaranteed employee income during confinement, and provided comprehensive medical coverage for COVID-19-related absences or expenses.

These measures reflect the commitment of industrial companies to prioritize employee safety, adapt to changing circumstances, and support the well-being of their workforce during the pandemic.

CSR practices toward Customers

In response to the pandemic, companies have implemented customer protection and security measures to ensure the safety of their customers. This includes promoting online services and e-commerce, which have become more important during this time. Telephone support has also been enhanced to address customer needs remotely.

To comply with health and safety guidelines, companies have made the use of protective equipment and disinfectants mandatory for services that require physical customer presence. This is done to minimize the risk of transmission.

Companies have also improved their terms and conditions of service, offering extended services beyond contractual obligations, more flexible return policies for products, and greater payment flexibility for invoices. These measures aim to facilitate customer interactions and accommodate their changing needs during the pandemic.

Textile companies have responded to the demands of the COVID-19 situation by designing products specifically tailored to address the challenges and opportunities presented by the pandemic.

In the banking sector, Attijari Wafabank has taken comprehensive measures to ensure the continuity of its services under optimal conditions. This includes keeping its branches open across the country, while also providing remote service channels and introducing technologies like ChatBot and Customer Service Centre to improve customer responsiveness.

Bank of Africa has supported its clients by offering the Revival Loan, primarily dedicated to financing working capital for businesses facing difficulties due to the pandemic. Additionally, the bank allowed customers to postpone loan repayments for an exceptional period of four months, aiming to provide relief during this crisis.

These examples demonstrate how companies in various sectors have adapted their services, extended support, and implemented measures to prioritize customer safety, convenience, and financial relief during the pandemic.

CSR practices toward community

During the pandemic, companies have demonstrated solidarity by donating essential items such as pharmaceutical products, beds, cleaning materials, supplies, and personal protective equipment to support front-line health workers. Hotels have been repurposed as containment areas, and facilities have been constructed to provide suitable conditions for those in confinement, aligning with the measures implemented by relevant authorities.

Information campaigns have been launched through various media channels, emphasizing online activities, sports, and do-it-yourself projects that can be pursued at home during lockdowns. Hygiene practices and teleworking recommendations have been provided to businesses. In the education sector, e-learning initiatives and informative webinars have been sponsored, prompting a reevaluation of teaching methods and the creation of educational videos covering various fields of knowledge.

To contribute to the national effort, volunteers supervised by OCP Group managers have mobilized to distribute food to families facing precarious situations. The OCP Group itself has donated 3 billion dirhams to support pandemic management. Disinfection campaigns and awareness-raising initiatives have been carried out in high-density neighborhoods, health centers, main roads, and busy areas such as markets, railway stations, and government offices. Health centers have actively participated in these efforts.

The Lafarge Holcim Maroc group has contributed 500 million dirhams to the special fund as part of the national solidarity drive, while the CMA CGM group has provided support amounting to 1.6 billion dirhams. The latter has also offered two converted containers as reception and care units for COVID-19 patients, which have been made available to authorities in the southern region.

These examples illustrate how companies have stepped up to support communities and the nation by making substantial donations, repurposing resources, and actively participating in awareness campaigns and initiatives to combat the spread of the pandemic.

CSR practices toward suppliers

Companies have taken the responsibility to fulfill their financial obligations to suppliers by ensuring timely payment for the orders placed. This commitment helps maintain a healthy business ecosystem and supports the continuity of supply chains. Moreover, companies have collaborated with their main suppliers and contractors to develop contingency plans. These plans aim to ensure that suppliers and contractors can continue their operations smoothly, allowing them to produce and market their products and services that are interconnected with those of the company. This collaborative approach helps foster resilience and sustainability within the business network, benefiting all parties involved.

During the COVID-19 period, the OCP Group took several initiatives to support small farmers and food cooperatives. The company provided financial assistance to help with the purchase of raw materials and the distribution of fertilizers to small farmers. This support aimed to ensure that agricultural activities could continue smoothly despite the challenges posed by the pandemic.

Additionally, the OCP Group played a role in the implementation and success of emergency programs aimed at addressing food security issues. The company recognized the importance of digitization and offered support to food cooperatives by helping them digitize their activities. This assistance likely involved providing technological resources, training, or other forms of support to enable cooperatives to adapt to the changing circumstances and continue their operations effectively.

By providing financial assistance, distributing fertilizers, and supporting the digitization of food cooperatives, the OCP Group demonstrated its commitment to supporting local agriculture, ensuring food availability, and empowering farmers and cooperatives during the challenging times of the COVID-19 pandemic.

VII. Conclusion

The COVID-19 pandemic has indeed presented numerous challenges on a global scale, requiring the collaboration and commitment of various stakeholders, including the private sector. Companies have recognized the need to extend their Corporate Social Responsibility strategies to address the human, health, and economic impact caused by the pandemic.

In this context, companies have undertaken ethical and altruistic actions aimed at finding solutions to the economic and social problems affecting not only their operations but also their employees and their families. Managers and shareholders have been motivated by moral, ethical, utilitarian, and religious principles, understanding the importance of maintaining economic stability and political stability during such a crisis. They have combined strategic commercial actions with altruistic and ethical measures to address various challenges. CSR strategies have proven to be valuable and effective in dealing with the global problems associated with the pandemic. By implementing CSR initiatives, companies aim to limit the social externalities arising from the negative consequences of COVID-19 and take appropriate measures to mitigate the impact. Ethical managers and strong corporate governance mechanisms play a crucial role in effectively implementing these strategies. Overall, the commitment of companies to CSR during the COVID-19 crisis reflects a recognition of their responsibility towards society and a proactive approach to tackling the difficulties presented by this health crisis.

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