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Since the start of the COVID-19 crisis, companies have scrambled to cut costs by shuttering stores, slashing advertising and travel budgets, and restructuring employees and working conditions. They also have struggled to connect and rebuild trust with customers as lockdowns and health concerns have disrupted consumers' normal shopping routines. Businesses have sent countless emails explaining their plans for "weathering the storm" and improving customer service.

In an environment where every expense must be justified (Broughton, 2020), the more than $20 billion dollars spent annually on corporate social responsibility (CSR) efforts may seem ripe for the chopping block (Giving USA, 2019). While CSR initiatives produce social good and environmental benefits, CEOs and investors may not see them as essential contributors to a company's bottom line. Although organizations rarely announce when they are pulling back from giving, history shows that CSR budgets are often slashed when the economy sours. Corporate philanthropy fell by more than $2 billion during the housing-market crash recession of 2008 and by roughly $1.5 billion during the 2001 dot-com bust recession (Reich & Wimer, 2012).

While some companies may consider CSR expendable, my research suggests that they should think twice before cutting back on their investments in doing good (Bhattacharya, Good, & Sardashti, 2020). Specifically, my co-authors and I investigated the performance consequences of brand value when companies leverage CSR during a recession. Based on Signaling Theory, we hypothesized that CSR activities serve to signal higher brand value via perceptions of better quality and greater differentiation, specifically during economic crises. We predicted that CSR investments may communicate the motivations of the firm. By emphasizing the importance of creating a better society, companies signal a strong commitment to taking care of their customers. Moreover, CSR activities may convince customers that the brand is of higher quality because they signal greater management competency and greater resources.

To test our hypotheses, we constructed a sample using secondary brand-related data from Young & Rubicam Brand Asset Valuator (BAV). We matched this brand data with annual social responsibility data from Kinder, Lydenberg, Domini & Co., Inc. (KLD) and financial measures from COMPUSTAT. KLD measures how well firms perform on seven particular CSR categories, including product, human rights, environment, employee relations, diversity, corporate governance, and community engagement. Our final sample consisted of a representative panel of 137 public companies, including 19 industries, during a 9-year period between 2007 and 2015 with a total of 454 firm-year observations (115 for recession years). We analyzed the data using generalized method of moments (GMM) estimations, and our findings empirically demonstrate that in stable economic conditions, CSR is positively related to brand value. Moreover, during recessions, CSR initiatives are associated with increased perceptions of brand value. Indeed, we find that during recessions, CSR initiatives such as charitable contributions provide a signal to customers of higher brand quality. Hence, findings reveal that not only is the need greater during a crisis, but customers care more about companies' good deeds in the midst of uncertainty than they do at other times.

For years, companies have embraced social responsibility as a way to bolster their reputation with consumers, differentiate themselves from competitors, and attract talented employees (Cha, Yi, & Bagozzi, 2016; Gilani & Cunningham, 2017). It turns out to be even more important during economic softening, when consumers are more selective about the brands they support. Customers perceive companies that can afford to continue investing in CSR to be of higher quality than their competitors. A company that maintains or even increases its commitment to environmental, social, and corporate governance programs right now can cut through the noise of pandemic marketing messages and boost its brand value in a lasting way.

For example, in 2008 Stryker, a company based in Western-Michigan, shared environmentally motivated initiatives and overseas philanthropic missions, including providing surgical instruments, instrument repair services, and surgeon training materials where vitally needed (Stryker, 2008). A decade later, Stryker has been recognized as one of the "world's most admired" companies (Martinez, 2019). While its success is due to many factors, our research suggests its climbing brand value may be driven in part by a consistent pattern of investing in social initiatives at times when many competitors are pulling back.

Companies that have focused on doing good during the COVID-19 crisis have already reaped benefits in the form of positive media coverage and goodwill from consumers. For example, while numerous businesses were being criticized for not keeping essential workers safe, Meijer and Kroger were praised for investing millions in hazard pay for their employees (Rahal, 2020). Around the same time, Michigan-based Ford Motor Company leaned on its manufacturing prowess to start making ventilators and was rewarded with an appearance on "60 Minutes."

Given this research showing that the benefits of CSR are even greater during a crisis than in stable times, companies would be wise to find ways to continue doing good even as they tighten their spending. How can business leaders maximize the impact of CSR? First, find ways to align your social efforts with your brand. Amway, a West Michigan company, along with several independent breweries and distilleries, responded to the pandemic by using their equipment to produce hand sanitizer (Amway, 2020). In addition, companies like Anheuser-Busch have been donating cans of water to wildfire and hurricane victims (Anheuser-Busch, 2020). CSR efforts that reflect your brand's identity in this way appear more genuine and personal, while also making it easier for people to remember which company was behind them.

Second, strive to align your organization's investments with the needs of the current moment. Right now, issues like the global health pandemic, racial justice, and wildfires/climate change are top-of-mind for many consumers. CSR efforts that are focused on these pressing areas will garner attention by directing aid where it is needed most. For example, Zoho made its productivity software free for 20,000 struggling small businesses when lockdowns began, Adobe offered its Creative Cloud suite to students and teachers at no charge after schools closed, and PayPal created a $500 million fund for Black-owned businesses in the wake of George Floyd's death (Giles, 2020; Cade, 2020; Irrera, 2020).

Finally, to get the most impact from investments in CSR, find ways to leverage and publicize these meaningful and genuine efforts to drive brand awareness (Bundy, 2020). Ford created the "Built for America" ad campaign around its push to produce ventilators, which resonated widely with consumers (Graham, 2020). It may be no coincidence that Ford captured a greater share of car sales from April to June of last year than it had at any point over the past five years. Investing in impactful, timely, and relevant CSR programs is critical, but has little impact on your brand if consumers are not aware of those efforts.

The COVID-19 pandemic has forced companies and consumers alike to face a difficult period of belt-tightening. Yet instead of cutting CSR efforts to save money, corporations should use the current crisis as an opportunity to double down on doing good. Companies that invest in environmental, social, and corporate governance programs stand to emerge with stronger brands and more loyal consumer followings – which are an added bonus on top of the good they will do during a time of widespread need.

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