

Facing a global crisis - how sustainable business models helped firms overcome COVID

Marina Mattera, Federico Soto Gonzalez, Carmen Alba Ruiz-Morales and Luana Gava

Abstract

Purpose – *The purpose of this study is to analyse how implementation of corporate social responsibility (CSR) policies following United Nations' Global Compact (UNGC) guidelines can contribute to firm's performance during a global crisis, such as the case of COVID-19. Based on the triple bottom line theoretical framework, this work explores the relation between the creation of value and sustainable business models with long-term strategies and strong policy commitments, and their performance in the stock market years later during a crisis. By doing so, new insights on strategic management to create value and consolidate sustainable business models are provided.*

Design/methodology/approach – *The present study analyses firms within the context of the European Union, considering the involvement of the region in achieving sustainable development. In particular, the long-term impact in the usage of the UNGC management model and the firm's sustainability performance based on the results during COVID-19 crisis. To achieve this goal, energy firms operating in Spain and subscribing to UNGC were evaluated, specifically those publicly listed in the IBEX35, benchmark index of Spain's Stock Market Interconnection System. In addition, firms were also considered regarding the strong impact within their industries not only nationally but also worldwide.*

Findings – *Findings show long-term CSR strategies and a strong commitment to sustainable development contribute to firm's overcoming periods of economic crisis. In addition, considering the environmental impact of the firms' actions, transition to sustainable business and widening portfolio in the case of energy firms proved to have a positive impact in overcoming a hard context such as COVID-19. The virtuous cycle can be created by honouring the social contract, yet the tools and management models shall be further tailored to ensure an effective win-win situation.*

Originality/value – *This study evaluates a company's strategic involvement in sustainability, considering the UNGC 10 principles and SDG and the effects of these strategies in the long-term. Specifically, the role of UNGC management model is evaluated in designing effective policies that can help firms better overcome a context of crisis such as COVID-19. Consequently, researchers studying business strategy can incorporate the findings in strategic planning. Practitioners can learn the implications of CSR strategic planning in the long-term. Moreover, work illustrates corporate results in sustainability matters after the first decade of the UNGC management model and the impact of a crisis context.*

Keywords *Business model, Corporate governance, Corporate social responsibility, COVID-19*

Paper type *Research paper*

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1. Introduction

In recent years there has been a stronger focus on companies' environmental and social impact. In addition, natural changes in climate, as well as diverse issues being brought to attention, such as respect for human rights, equal pay, enabling access to the workforce to individuals with diverse abilities, are some of the factors that have been slowly taken into consideration in firm's strategic design.

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Therefore, corporate social responsibility (CSR), including a company's impact in society as well as the planet, has become an increasingly relevant topic. CSR strategies address individuals' wellbeing and impact on the environment, while improving business operations, seeking to create a win-win context. Additionally, in many cases, they contribute to identifying new business opportunities, together with gaining a better understanding of the market where they operate.

In designing these strategies, three elements are considered: people, profit and planet, known as the three "Ps" or "triple bottom line" (TBL) theory. This constitutes a strong theoretical model that sets a basis for the development of sustainable business in the long run. To this end, it is fundamental to consider these three elements and there are diverse ways in which they can be incorporated. Although to this date there is no consensus on which standards are the best, the Global Reporting Initiative, the United Nations (UN)' Global Compact (UNGC) and United Nations Sustainable Development Goals (SDGs) are the ones firms typically implement.

These standards provide guidelines to create a solid baseline to balance the three "Ps". In turn, this contributes to building a strong business model that would help firms to navigate diverse contexts, including fewer positive ones. Authors such as [Blagov and Petrova-Savchenko \(2020\)](#) affirm that the involvement of companies in achieving the SDGs creates new opportunities for the transformation of their corporate sustainability model. However, there is still a lack of understanding of how they impact firms' performance and corporate reputation in the long run. In addition, there is a gap with regards to considering the TBL in diverse socio-economic contexts, particularly when firms must overcome a context of crisis such as the one evidenced during the 2020 pandemic.

It is therefore crucial to have a greater understanding of the existing relationships between these variables. The present study aims at providing insight on this matter by establishing the links between TBL theory and sustainable business model, during a harsh socio-economic context such as the COVID-19 crisis. To achieve this goal, the paper analyses the context of firms operating in the European Union (EU), as it is one of the regions that suffered the most during the 2020 pandemic while at the same time being one of the regions with the highest promotion of people-profit-planet alignment and CSR policies.

The analysis is based on firms implementing the UNGC guidelines in Spain, one of the countries which was hit the hardest by the 2020 pandemic. Specifically, the paper explores the long-term impact of commitments and strategies six years after the companies had launched them. The results were measured during the first semester of 2020 in terms of corporate reputation and stock market value. In particular, the energy sector was studied as it is one of the most relevant in terms of the relation to the national gross domestic product (GDP), heavy investment, impact on employment and other activities generating wealth, and lastly, because this sector exerts a multiplier effect on other industries of the economy ([Stern, 2015](#)).

First, the conceptual model and hypotheses are developed in the literature review section. Second, the empirical analysis is described, together with the methodology, followed by detailed results. Finally, the study concludes by addressing contributions for researchers and practitioners, main limitations and suggestions for future research in this area. To the author's knowledge, there are no empirical studies testing these effects, particularly during a tough socio-economic crisis. This will be our contribution.

2. Literature review

Firms' usage of resources and inputs to produce goods and service is of great relevance when understanding sustainable development. Firstly, because it can limit or ensure whether future generations will also be able to continue exploiting the resources. Secondly,

because the company itself needs to respect the environment and society in which it operates to ensure a positive impact in its reputation and generate trust.

Companies typically display a wide variety of business models that combine resources and input in many configurations, and it will depend on their strategic approach together with the industry, segment, and other factors. Despite this, considering all stakeholders involved and the impact in society as well as the environment will surely be some of the basic elements to produce a good or provide a service in the long run (Osterwalder, 2010).

Therefore, firms should evaluate their strategic approach to create value while using resources adequately (valuing investments, cost analysis, profit, etc.). To achieve this, Teece (2010) identified five elements to achieve value creation, namely:

1. identifying the market segments that will be targeted with the product or service offering;
2. determining which are the benefits that the consumer will obtain with the purchase;
3. choosing technologies and features to be incorporated in the product or service
4. ratify available revenue streams; and
5. establish mechanisms to capture value.

Considering the production and delivery of goods and services requires the input of natural resources, the environment is an essential matter to take into consideration in Point 3. Additionally, a lack of consideration of social impact at a large scale is also deemed relevant because of the impact in corporate reputation, indirectly related to Points 1 and 2. Consequently, the planet, people as well as profit are all factors to take into consideration.

2.1 Triple bottom line theory and sustainable business models

TBL theory considers there should be an optimal balance between people, profit and planet (Elkington, 1994). According to this belief, considering external social and environmental aspects of a company's operations at the core of strategic design can be a driving factor in achieving long-term success. In addition, there is a need for a strong management system that enables constant evaluation of the firm's performance to value a holistic perspective. In doing so, companies can achieve sustainable development (Norman and MacDonald, 2004; Venkatesh, 2010; among others).

Osterwalder (2010) determined the main elements to include when designing a strategic approach: customers, the infrastructure required (including resources, key activities and partners), quantitative and qualitative value proposition, channels to communicate and deliver outputs, and financial aspects (revenue streams and cost structure). Battisti and Iona (2009) added the multi-dimensional character of business model design, implying there is a complex relationship with productivity variables. Therefore, to achieve sustainable business development, including long-term corporate reputation and financial results, the company should consider a holistic approach as a combination between Teece (2010)'s five elements and Osterwalder (2010)'s business model variables.

To better comprehend the links that compose a sustainable business model, Nerantzidis and Filos (2014) evaluated corporate governance developments in a context of crisis (2007–2010) in Greece. They concluded the new regulations had enforced specific corporate governance reporting including CSR variables, and this had been of great value to firms' recovery. In addition, those companies with a higher propensity for sustainable business practices are better equipped for meeting the challenge of integrating TBL in their strategy and their business networks (Høgevold *et al.*, 2015)

Further on this topic, Mattera and Baena (2015) evaluated the impact of innovation and CSR strategies, concluding there was a positive impact when firms incorporated stakeholder's

interest in the knowledge-creation and innovation processes. This builds on previous knowledge, as authors such as [D'Amato and Roome \(2009\)](#) concluded management innovation provides a framework for understanding CSR within a company, interpreting sustainable development and the role of business in society.

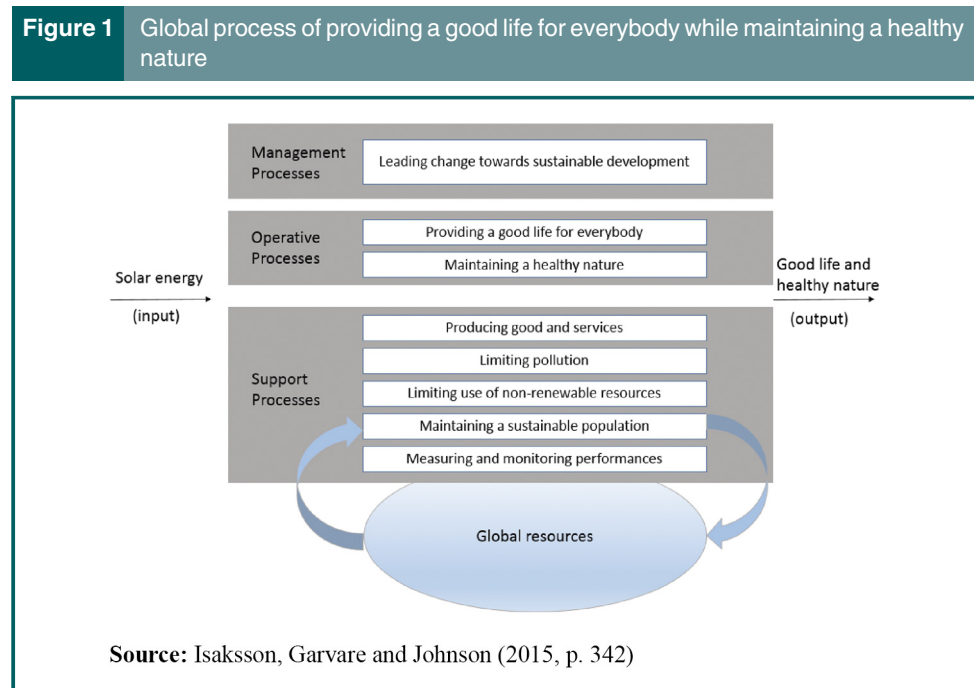
In addition, other authors such as [Brunton et al. \(2015\)](#) studied the communication aspects and found out organizations are acknowledging the need to engage in CSR yet it is also essential to ensure proper communication of these actions. However, that is not the only area to be further defined. [Visser \(2020\)](#) identified there are elements of social and ecological nature that can determine the resilience of organizations and the ability to adapt to changing times, contributing thus to a sustainable business model.

All in all, these authors show how companies could create a win-win situation by including their stakeholders' interests in the value creation process, setting the foundations for a sustainable business model. Meanwhile, [Isaksson et al. \(2015\)](#) proposed a framework where the business model should be evaluated according to three main areas: management processes, operative processes and support processes, as seen in [Figure 1](#).

Because the resources are limited, to ensure wellbeing for humanity while preserving the natural resources, understanding how business models can be more sustainable is a crucial matter. Hence, diverse approaches to establish links between the elements of value creation together with a sustainable business models should be developed.

2.2 United Nations Global Compact management model

To establish a sustainable value creation, in alignment with the TBL framework, the United Nations Global Compact (UNGC or GC) was established. This initiative was born during the World Economic Forum celebrated in Davos in 1999 and currently over 14.000 entities that have adhered to it in over 160 countries (UNGC, 2020). [Arevalo and Fallon \(2008\)](#) state that UNGC is perhaps the most far-reaching instance of a non-governmental effort to catalyse the voluntary participation of business in the corporate citizenship movement. From its



inception this was a voluntary initiative, based on the organization's transparency and intention to follow a three "Ps" strategic design.

Currently, the UNGC promotes the implementation of 10 core principles related to human rights, labour rights, environment and anticorruption. These are also strongly correlated to the 17 SDGs the UN deemed necessary to conduct by 2030 to ensure social and environmental wellbeing (UN, 2015). [Mattera and Alba Ruiz-Morales \(2020\)](#) established the links between the 10 UNGC principles and 17 SDGs in a business model context and how these can provide a significant advantage for firms operating worldwide.

The management model proposed by the UNGC can provide a framework for firms to create shared value, meaning they can generate the win-win situation with a holistic perspective. It is however uncertain to this point which is the long-term impact (particularly in contexts of hardship) of implementing this model and designing a strategic approach based on the TBL, with specific emphasis on UNGC-SDG parameters. To shed light on this matter, the first hypothesis is:

H1a. Following the UNGC management model can positively impact long-term financial performance

2.3 COVID-19 impact on business management practices

In 2020 a world-wide pandemic significantly impacted socio-economically every country in the world, an unprecedented event. Hence, the contemporary business world requires corporate governance that can balance CSR and stakeholders' influence and pressure ([Gaur et al., 2019](#); [Kowalczyk and Kucharska, 2020](#)). While there are diverse models, the premise should be based upon creating a sustainable one that can be overseen with adequate corporate governance, managing and mitigating conflicts of interest between stakeholders ([Bottenberg et al., 2017](#)).

As society becomes more knowledgeable, firms need to demonstrate TBL parameters beyond being profitable ([El-Kassar and Singh, 2019](#); [Patnaik et al., 2018](#)), which is particularly relevant in contexts of hardship. It is relevant to understand whether CSR strategies that have been implemented for a long period of time, create a consolidated business model that can contribute to better manage crisis. Therefore, the second hypothesis is:

H1b. Long-term CSR (sustainable) strategies positively impact firm's ability for crisis management

The COVID-19 crisis provided a platform for firms leading the change through solid sustainable business models to benefit even more. During the summer of 2020 multiple projects to shift supply and production systems to a more environmentally and socially friendly ones were outlined ([European Commission, 2019](#); [Cohen, 2020](#)). It is important for companies to consider stakeholders' needs to build a more sustainable and social strategy with the aim of improving corporate reputation in the long run ([Corporate Excellence, 2020](#)). Firms can take advantage of this unique opportunity, creating a widespread adoption of sustainable business models ([Sarkis et al., 2020](#)).

As the creation of sustainable business models is based on the TBL premise, it is important to understand how a strong commitment to these strategies can have long-term lasting effects. [Albuquerque et al. \(2020\)](#) observed that stocks with higher environmental and social characteristics perform better in terms of returns, volatility, and operating profit margins during the COVID-19 market crash. Because of this, practitioners, policy makers, academicians and other interest groups see a need in re-evaluating the post-modern world economy ([Mitra and Gaur, 2020](#); [Singh et al., 2020](#)).

Considering firms' creating sustainable business models should create a positive cycle and contribute to a long-term growth, it is of interest to understand how UNGC management model can contribute to overcome hardships while building on the 3Ps' balance. Specifically, if they can help firms hold on to a strongly positive corporate reputation. Based on this gap, the following hypotheses are proposed:

H3a. Following the UNGC management model positively impact Corporate Reputation during COVID-19 crisis

H3b. Long-term CSR (sustainable strategies) positively impact Corporate Reputation during COVID-19 crisis

3. Methodology and data gathering

The present study evaluates firms within the context of the EU, as it is a geopolitical context taking a strong approach towards ensuring sustainable growth and individual's wellbeing. Spain is one of the countries with the greatest commitment and national plans to tackle climate change and balancing the sources of energy used (Red Electrica, 2019a). The case of Spain is also relevant in the context of the 2020 pandemic, as this country ranks third in the World Ranking of deaths per million inhabitants by July 2020 (Statista, 2020). Therefore, it constructs the perfect scenario to test all hypothesis.

The energy sector follows a global trend to transition from a production-based towards a service-provision business model, with a current global service market size worth 58,04 billion USD in 2019 (Grand View Research, 2020). Global challenges and a shift in the essence of the business processes underlying the energy sector have forced firms to diversify their offering (Vella, 2019). In Spain, this is a more pressing subject due to the impact the sector has in the GDP, hence the national government depleted an all-encompassing energy plan. This shows it is of high importance to study the impact in this nation.

In 2020, when the COVID-19 pandemic broke out, certain firms in Spain that had been implementing the UNGC management model for 15 years, a consolidated timeframe to evaluate the results on various aspects. Therefore, to understand the implications of long-term TBL business model and CSR practices, studying the Spanish energy market, with a focus on firms that had been implementing UNGC management model is of relevance. This paper evaluates the results from years of consolidated practice, thus testing the propositions herein detailed.

The study was focused on energy firms who were publicly traded in the first semester of 2020 (January 1st till June 30th) and included in the index IBEX35, which is comprised by the 35 firms with the most stable business conditions considering profitability, liquidity and creditworthiness (Bolsa de Madrid, 2020). Data was obtained from the Madrid Stock Market website and companies' corporate sites, in conjunction with investment information platforms such as Reuters, Forbes and Bloomberg. In addition, data was also obtained from UNGC, other specialized sustainability data sources.

Moreover, to evaluate companies' corporate reputation, the ranking elaborated by the Spanish Monitor for Corporate Reputation (MERCOC) was considered. This organization created a specific ranking, as shown in Table 1, to value corporate reputation during COVID-19 pandemic (MERCOC, 2020a). In total, 275 experts were interviewed (financial analysts, NGOs, consumer associations' representatives, trade unions, economic journalists, social media managers and academics). The perceptions from this pool of experts were complemented with a sample of 2,017 citizens from different regions in Spain who covered a wide range of demographic groups.

However, when complementing this information with the IBEX 35 data for the first two quarters of 2020, the number of firms in the energy sector is increased (Table 2). It should

Table 1 MERCO Ranking 2020 results

Ranking MERCO COVID-19 (2020)	Company	Sector(according to MERCO's classification)	Results
1	Inditex	Textile	10.000
2	Mercadona	Consumer Goods	9.574
3	Seat	Automotion	6.924
4	Santander	Finance/Banking	6.664
5	Iberdrola	Energy/gas/water	6.331
6	El Cortel Inglés	Consumer Goods	6.277
7	Caixabank	Finance/Banking	5.392
8	Grupo Social ONCE	NGO	5.245
9	Naturgy	Energy/gas/water	5.034
10	Telefónica	Information and Communication Technologies	4.997
11	Amazon	Consumer Goods	4.930
12	Carrefour	Consumer Goods	4.478
13	BBVA	Finance/Banking	4.407
14	MAPFRE	Insurance	3.900
15	Bankinter	Finance/Banking	3.505
16	Mutua Madrileña	Insurance	3.330
17	REPSOL	Petrol	3.131
18	GOOGLE	Internet services	3.130
19	Grupo Quirón Salud	Health	3.073
20	Microsoft	Informatics/Software	3.000

Source: Own elaboration based on [MERCO \(2020a\)](#) data

be noted that the Spanish Stock Exchange's criteria to evaluate a company's sector is different from that of MERCO, considering all forms of energy provision in one single industry. This implies petrol production also would be part of this segment.

Based on the herein disclosed information, Endesa, Enagas, Iberdrola, Naturgy, Repsol and Red Eléctrica de España were analysed. Data concerning the evolution of their performance in the stock market compared to the IBEX35 general stock exchange was studied.

4. Discussion: firm's evidence

Each of the companies included in the IBEX35's classification of energy and petrol have a strong impact not only on the Spanish economy but also worldwide given its international character and assets. To better comprehend the outreach, a brief description is outlined:

- *Endesa (energy)*: an energy firm involved in generating, distributing, transmitting and commercializing energy, mainly the Iberian Peninsula and North Africa ([Bloomberg, 2019](#)). It is one of the largest electricity providers in Spain, currently transitioning into other sources of energy, by bidding to acquire EDP – Energias de Portugal SA which has strong hydroelectric power projects ([Nair and Baigorri, 2019](#)).
- *Enagas (energy)*: is a Spain-based company with three business segments: Technical management, Infrastructure and Unregulated activities. The portfolio includes regasification, gas transport and storage; maintaining and ensuring the continuity and security of gas supply and its infrastructures; while also managing deregulated operations and transactions. The Company carries out its activities mainly in Spain but also in Albania, Italy, Greece, Chile, Mexico and Peru ([Enagas, 2020](#)).
- *Iberdrola (energy)*: Public limited Spanish corporation, engaged in carrying out electricity and gas activities in the Spanish market and abroad; all the energy transmission and distribution activities are done in Spain, Brazil, the United States (US) and the United Kingdom (UK) while activities related to generation and sale of electricity, trading and storing gas in Spain, Portugal, UK and North America.

Table 2 IBEX 35 Firms S1 2020

<i>Company (in alphabetical order)</i>	<i>Ticker</i>	<i>Sector</i>
ACS	ACS.MC	Raw materials, industry and construction
ACERINOX	ACX.MC	Raw materials, industry and construction
AENA	AENA.MC	Consumer services
ALMIRALL	ALM.MC	Consumer goods
AMADEUS	AMS.MC	Consumer services
ACCIONA	ANA.MC	Raw materials, industry and construction
BBVA	BBVA.MC	Financial services
BANKIA	BKIA.MC	Financial services
BANKINTER	BKT.MC	Financial services
CAIXABANK	CABK.MC	Financial services
CIE AUTOMOTIVE	CIE.MC	Raw materials, industry and construction
CELLNEX	CLNX.MC	Information and Communication Technologies
INMOBILIARIA COLONIAL	COL.MC	Real estate
EBRO FOODS	EBRO.MC	Consumer goods
ENDESA	ELE.MC	Energy and petrol
ENCE	ENC.MC	Consumer goods
ENAGAS	ENG.MC	Energy and petrol
FERROVIAL	FER.MC	Raw materials, industry and construction
GRIFOLS	GRF.MC	Consumer goods
IAG	IAG.MC	Service goods
IBERDROLA	IBE.MC	Energy and petrol
INDRA	IDR.MC	Information and Communication Technologies
INDITEX	ITX.MC	Consumer goods
MAPFRE	MAP.MC	Financial services
MASMOVIL	MAS.MC	Information and Communication Technologies
MELIA HOTELES	MEL.MC	Consumer goods
MERLIN	MRL.MC	Real estate
NATURGY	NTGY.MC	Energy and petrol
RED ELÉCTRICA DE ESPAÑA (REE)	REE.MC	Energy and petrol
REPSOL	REP.MC	Energy and petrol
BANCO SABADELL	SAB.MC	Financial services
BANCO SANTANDER	SAN.MC	Financial services
SIEMENS GAMESA	SGRE.MC	Raw materials, industry and construction
VISCOFAN	VIS.MC	Consumer goods
TELEFONICA	TEF	Information and Communication Technologies

Source: Own elaboration based on [Bolsa de Madrid \(2020\)](#) data

Meanwhile its renewable energies segment operates in Spain, UK, US and the rest of the world. Additionally, it holds engineering and construction as non-power businesses ([Iberdrola, 2020](#)).

- *Naturgy (energy)*: formerly known as Gas Natural SDG SA, is a Spain-based firm with four key business segments: gas and electricity (including renewables); supply, marketing and logistics of liquefied natural gas (LNG) at a global scale; gas and electricity network infrastructure and its businesses in Spain and the Maghreb gas pipelines (North West Africa region); and lastly the Latin America gas and electricity network infrastructures and its businesses in Chile, Argentina, Brazil, Perú, Mexico and Panama ([Reuters, 2019](#)).
- *Repsol (energy and petrol)*: one of the largest multinationals exploiting hydrocarbures as well as energy, currently investing in new processes. In 2010 the Environmental Investment Organization awarded the Emissions Tracking Carbon Verification Leaders Award as the firm was one of the most transparent organizations in the industry. In addition, the sector has acknowledged the company for diversifying its business and expanding into more sustainable models, investing in electricity, digitalization and other business units to balance their product portfolio and transition into a greener economy ([Repsol, 2020](#)).

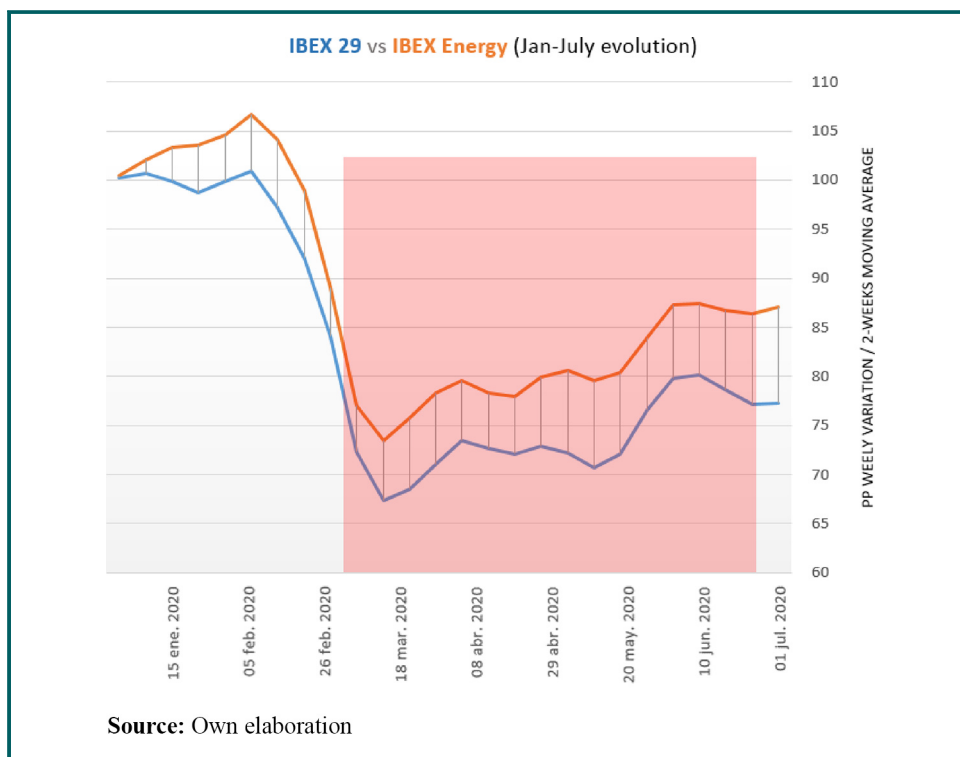
- *Red Eléctrica de España (REE) (energy-electricity)*: partly state-owned and public limited Spanish corporation, the first firm in the world to be dedicated exclusively to the transportation of electricity while operating the electrical grid in Spain. The company holds assets in Portugal, Peru and Bolivia by being a shareholder in each of the national operating electrical grid firms. Red Eléctrica creates forecasts for electric energy demand and operates in real time generation and electrical transportation stations, to achieve always a match between consumers' demand and electrical power stations' production (Red Eléctrica, 2014).

These firms have high CSR commitments with a strong track-record of strategic implementation. Furthermore, these companies have been collaborating with other businesses in their sector, international organizations, etc., designing services that are aligned with social and environmental matters (such as clean energy provision, an eco-friendly lodging experience, traveling with low CO2 emissions, etc.).

For comparison purposes a new index, named "IBEX 29" has been calculated without the energy sector firms, while another index named "IBEX Energy" with those six companies removed, thus differentiating the 35 firms included in the IBEX35 in two groups. This enables comparison of performance between the sector being analysed and the remaining components the index, as seen in Figure 2. A Chi-square test has been carried out to analyse the correlation between the two variables; the result (0.94) shows a positive correlation between them mainly due to the exposure to COVID-19 crisis. This implies both have been impacted by the pandemic context, yet the IBEX Energy's approach helped them obtain overall better results.

It should be noted the energy companies have solid commitments to CSR. Iberdrola commits to TBL principles by constantly re-evaluating its corporate governance system, for

Figure 2 IBEX 29 vs. IBEX Energy daily variation (January–July 2020)



instance in 2018, it included as a main element strategies and information disclosure regarding the firm's contribution to UN's SDGs (Iberdrola, 2019). During this pandemic, it has launched a specific plan to help alleviate the negative effects on its most vulnerable stakeholders and communities in which it operates (Iberdrola, 2020).

Furthermore, Naturgy has shown a strong commitment with over five years solid commitment to UNGC while setting up initiatives to help stakeholders, mainly consumers (Naturgy, 2020). However, the firm not only creates a solid strategy but also seeks to transmit its actions to the general public. They translate the TBL approach to all areas, including key elements that are visible for all stakeholders, such as the brand. This firm used to be called "Gas natural unión fenosa" and switched its trademark to "Naturgy" which combines words such as "nature" and "energy" inspiring stakeholders to perceive the brand image as aligned with the respect for the environment.

Along these lines, Endesa also displays strong TBL approaches being one of the first Spanish firms to join UNGC and reaching the advanced level in UNGC reporting, which is the top category awarded to firms showing high level of sustainability performance (Endesa, 2020a). The company also participates in the European project INTEGRIS, which evaluates telecommunication systems in real time and how electricity can be better managed. During the pandemic, the firm created a specific plan and deployed tools to contribute to the society, mainly its customers and employees (Endesa, 2020b). This further shows how it includes the TBL through governance, health, security and environmental sustainability.

All in all, CSR strategies, with some effective communication strategies, have not only contributed to these firms outperforming in the Spanish Stock Market during COVID-19 pandemic but also for the general public to see their strong commitment to sustainability. CSR strategies can establish a corner stone upon which firms can build and create shared value. REE, for instance, participates in GRID 2030, which is a joint initiative between state-owned firms, other corporations, Universities and research institutes. These can significantly contribute to better crisis management as all stakeholders are already linked and the grid can shift easily when demand changes.

Among other key initiatives is REE's implementation of PRODINT system (Red Electrica, 2014), which incorporates high technology to manage the environmental impact, detect potential fires in its infrastructure as well as enabling greater data gathering for decision-making. Consequently, REE has a strong CSR commitment, evidenced by its financial performance, yet as the firm's nature is to operate behind the scenes, society is not aware of its actions and hence it does not display an overall high corporate reputation in the MERCO ranking.

By comparing the COVID-19 reputation ranking with the 2019 ranking the same institute had elaborated regarding responsibility and corporate governance (MERCO, 2020b), it can be observed these companies improved their positioning in the ranking. For example, Iberdrola moved from the 7th position (2019) to the 5th (2020); Naturgy moved from the 34th position (2019) to the 9th (2020) and Endesa from the 74th position in 2019 to the third place in the COVID-19 sectorial ranking. The only one which did not perform as well was Repsol, which moved from the 10th in 2019 to the 17th position in 2020 considering all firms analysed.

However, Repsol ranks high in MERCO COVID-19 (in the petrol sectorial ranking) as a result firstly of striving to achieve a lower usage of non-renewable resources, shifting to electricity and energy provision with investments in renewable energy. Secondly, it has merged with KIA to create car sharing offerings with hybrid car models. Therefore, even though in the global MERCO rankings it did not have a significant impact, it still holds a positive reputation from its stakeholders as a result of decades incorporating their feedback and gain knowledge on consumer demands.

Considering the singularity of the firm Repsol, it is worth comparing the single firm with the IBEX29 index, as seen in [Figure 3](#). While its results have been less positive than those of the remaining 5 firms studied (see [Figure 4](#)), it is evidenced the company would have had a worst impact had it not been transitioning and diversifying its product portfolio aligning with TBL.

A Chi-square test has been carried out to analyse the correlation between the two variables; the result ($p < 0,05$) shows no correlation between them. The lack of correlation between IBEX Energy and the sole firm could be due to the structural differences in services provided and products elaborated by Repsol vs the remaining energy firms. Even though all were hit by COVID-19, petrol consumption significantly decreased during the period and given that Repsol was the only firm whose product portfolio has a high component of refined oil offering, it was affected in a different manner. What is more, the firm's results are significantly lower compared to the IBEX Energy's, further supporting this.

5. Conclusions, limitations and future lines of research

During the last decades, changes in the environment as well as in social perception have contributed to modifications in the way in which firms create and capture value. The TBL framework provides a solid basis for ensuring a win-win context in which companies can thrive while respecting society and the environment. The present paper outlines the impact of consolidated CSR management models, such as the UNGC one, in contributing to companies' financial results, strengthening corporate reputation and overcoming COVID-19.

This study further deepens on the results obtained by [Mattera and Alba Ruiz-Morales \(2020\)](#) understanding the impact of UNGC management models in building sustainable business model in the long-term. The firms analysed show in the energy sector in Spain following the

Figure 3 IBEX 29 vs. Repsol daily variation of the shares' price (January-July 2020)

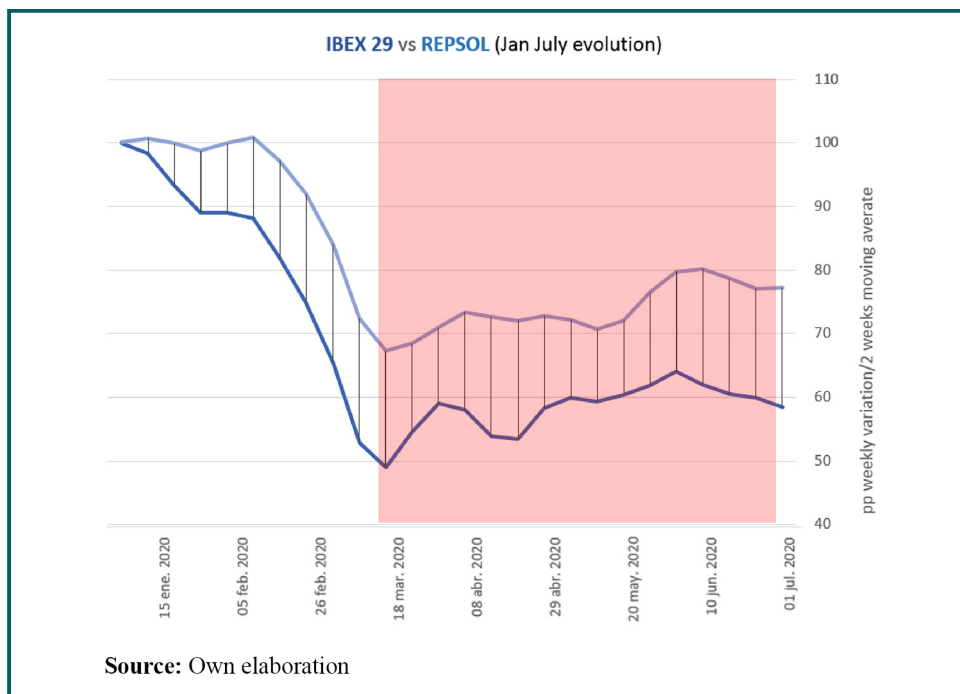
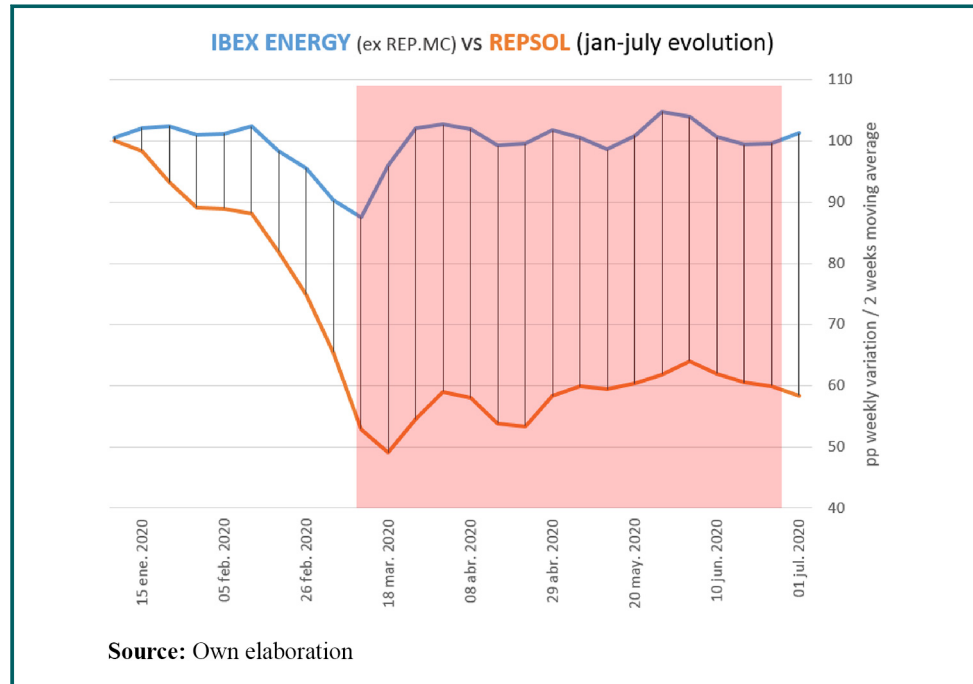


Figure 4 IBEX ENERGY (except Repsol) vs. Repsol daily variation of the share's price (January-July 2020)



UNGC management model and having long term sustainable strategies can positively impact long-term financial performance and the ability to better manage a crisis.

Furthermore, CSR strategies can establish a corner stone upon which firms can build and create shared value, thus generating a win-win situation with a holistic perspective. As companies are operating at an increasingly international scale while relying on elements from diverse contexts throughout their production chain, the consolidation of a sustainable business model is fundamental. The results herein obtained further enlarge [Albuquerque et al. \(2020\)](#)'s findings as the IBEX Energy outperformed the general IBEX35 index. Thus, hypothesis 1 and 2 are confirmed.

As it was evidenced, firms following the UNGC management model were the ones with the best results in the MERCO COVID-19 ranking. On the one hand, the common approaches of Iberdrola Naturgy and Endesa towards CSR, and being active members of UNGC have embedded a TBL approach within their business model. Consequently, their position in the reputation ranking in a context of a global crisis is higher than counterparts.

On the other hand, despite ENAGAS and REE's actions and plans –the other two members of the IBEX35 in the energy sector-, the firms do not appear in the MERCO reputation ranking during the COVID crisis in Spain. This could be due to the limited exposition these companies have to the final consumer, which in turn renders the general public less aware of their actions and strategic approach. However, the market does show trust in these firms as it was evidenced through the IBEX35 analysis. Because of this, *H3a* and *H3b* can only be partially accepted.

Given these results, practitioners can consolidate the usage of sustainable business models and ensure proper management and controlling tools are in place. While long-term CSR strategies set the basis for firm's ability to shift and adapt to changes, thus increasing its ability to manage a context of crisis, it was also evaluated how the firm's stakeholders

perceived these actions. As it can be evidenced, a sustainable business model based on CSR long-term policies and a solid management and control model (e.g. UNGC) can contribute to a responsible usage of global resources.

This in turn will contribute to achieving management, operative and support process objectives related to TBL. As a result, corporations will maintain or improve their reputation, also their financial results will be positively impacted. In the case of a context of crisis, a sustainable management model can ensure not only a balance between the three “Ps” but also a less negative impact in profit (or in some cases a positive one). Therefore, practitioners can implement the results herein evidenced by designing a management model based on the TBL framework with consistency in its implementation and long-term goals.

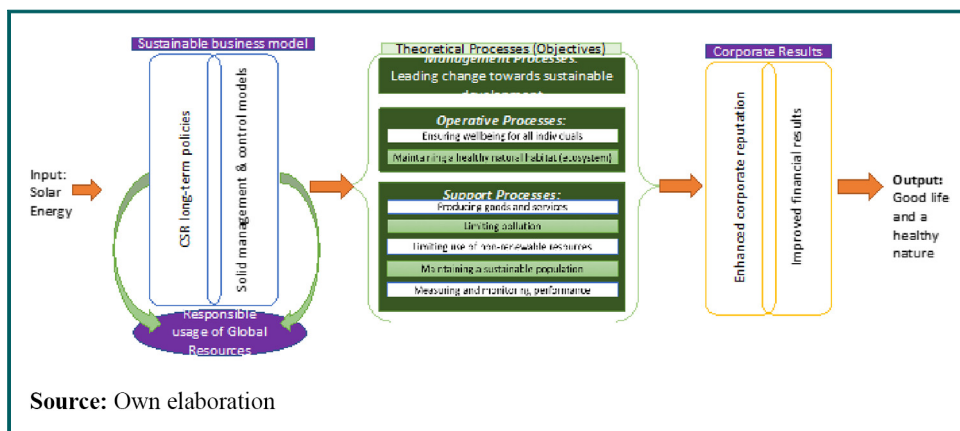
However, as it was evidenced, the adequate actions are not sufficient. There is a need for a proper communication approach to ensure all stakeholders and society at large are aware of the initiatives that the firm is undertaking. It does have a strong impact when there is a general knowledge of the commitments a company has and its actions that goes beyond a proper management model. Hence, practitioners can take into consideration communication as a key additional element when designing their CSR policies.

With regards to academia, the present study provides valuable insights to the TBL theory. Firstly, it has supported [Albuquerque et al. \(2020\)](#)’s findings as well as tackling the gap identified by [Mattera and Alba Ruiz-Morales \(2020\)](#)’s study. In addition, the results obtained through this analysis complement the model established by [Isaksson et al. \(2015\)](#) through a TBL framework. Therefore, as depicted in [Figure 5](#), there is a need for stronger management models that provide a TBL alignment so firms can not only generate a win-win context but also have a solid basis to face adverse unforeseen circumstances.

While this study provides insights, it has certain limitations that shall be addressed by future research. Firstly, the present study focuses result from a single stock market index (Spain) and a specific sector (energy). It would be valuable for a future research evaluate other contexts, such as Italy, where COVID-19 has also had a significant impact. In addition, it would be of interest to consider other industries or sectors that are also relevant to the national economy and have been impacted during the pandemic.

Furthermore, practitioners could benefit from a greater understanding of the impact post-crisis and each firm’s recovery in a medium term. This can also be viewed from the

Figure 5 Impact of sustainable business models in contexts of crisis to ensure TBL



academic perspective with a consolidation of the TBL framework and the usage of sustainable business models such as the UNGC. Lastly, considering the available data at the time of the elaboration of this research was limited to the first semester of 2020, other future lines of research include a complete study evaluating the full duration of the pandemic.

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