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## *COVID-19 and Corporate Social Responsibility: Business Responses to the Pandemic in the Inland Northwest*

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## COVID-19 AND CORPORATE SOCIAL RESPONSIBILITY: BUSINESS RESPONSES TO THE PANDEMIC IN THE INLAND NORTHWEST

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Kathryn E. Handick\*\*

### I. INTRODUCTION

The novel coronavirus upended the world beginning in early spring of 2020. As travel ground to a halt, and governments issued stay-at-home orders, the impact on commerce was immediate and has proven to be lasting. Employees accustomed to working in offices and job sites were told to stay home. Certain industries received permission to have so-called “essential” personnel continue their labor in person, but for many employers the reality they faced was not so simple: learn to adapt to the new environment or succumb to the new environment.

Fortune 500 companies were some of the first to navigate a path forward in the COVID-19 landscape, announcing generous work-from-home policies for their employees and providing relief, where possible, to their customers. National banks, for example, permitted deferments of mortgage and credit card payments, often with little paperwork or hassle required for customers to benefit from these new programs. Airlines and hotels announced generous refund and booking policies for everyone and extended or excused otherwise non-extendable deadlines for maintaining “status” in frequent traveler programs. Amid so much uncertainty and change brought on by the pandemic, corporations saw great value in doing good by their employees and customers. Indeed, the promotion of those efforts signaled the companies’ strength and longevity, particularly vis-à-vis smaller, regional rivals.<sup>1</sup> Fortune magazine catalogued some of these virtuous efforts, many of which went beyond ordinary measures necessary for company survival, such as donating personal protective equipment (“PPE”) and other critical supplies.<sup>2</sup>

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1. See David Leonhardt, *It’s 2022. What Does Life Look Like?*, N. Y. TIMES (July 10, 2020), <https://perma.cc/3W8F-WQFE> (“Early signs indicate [big companies] are surviving the lockdown better than smaller rivals, in part because they have more cash on hand, better access to loans and an easier time switching to online sales.”).

2. Jaelyn Gallucci & Maithreyi Seetharaman, *How Fortune 500 Companies Are Utilizing Their Resources and Expertise During the Coronavirus Pandemic*, FORTUNE (Apr. 13, 2020), <https://perma.cc/27FF-DNPW> (noting how companies donated infrastructure, expertise, logistics, transportation, manufacturing equipment, or space; converted production lines or manufacturing additional critical supplies).

As a result of these displays of corporate wealth and benefaction, some pundits even suggested that giant corporations would be the only survivors in a post-pandemic economy.<sup>3</sup> No company wanted to be the one grabbing headlines by announcing layoffs, overworking or mistreating labor, or engaging in bankruptcy-driven restructuring—although, to be sure, those unfortunate consequences came in due course for many companies in certain industries highly impacted by the pandemic.<sup>4</sup>

Collectively, the rush to signal corporate virtue to the public reflects a new approach to business that is growing in popularity, one focused on generalized prosperity rather than enriching the fortunate few.<sup>5</sup> The precept—emblematic of what Professor Dan Morrissey calls “the new American corporation”—suggests a business environment where a sense of corporate social responsibility (“CSR”) drives firms.<sup>6</sup> This pursuit of CSR, when paired with firms’ attention to the “triple bottom line,” ensures firms’ concerns center not only profit, but also on people and the planet.<sup>7</sup> While these are positive developments for those of us concerned with the public good, the pursuit of CSR is an expensive proposition even in the best of times.<sup>8</sup> One wonders whether smaller firms have the financial means to embrace such noble practices amid a pandemic.<sup>9</sup>

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or both; conducted clinical research; shared data and technology; took measures to keep workers employed, paid, and insured; and helped customers get the products and financial assistance they needed).

3. James Kwak, *The End of Small Business: After COVID-19, Giant Corporations and Chains May Be the Only Survivors in the Post-Pandemic Economy*, WASH. POST (July 9, 2020), <https://perma.cc/7VSW-Z95D>.

4. And some large companies took drastic measures right away, laying off staff, cutting their hours, and slashing their salaries, sometimes while still maintaining significant payouts to stockholders. See, e.g., Alwyn Scott, Ross Kerber, Jessica DiNapoli & Rebecca Spalding, *U.S. Companies Criticized for Cutting Jobs Instead of Investor Payouts*, REUTERS BUSINESS NEWS (Apr. 8, 2020), <https://perma.cc/J6B8-RR4T> (describing practices at Royal Caribbean Cruises, McDonald’s, Halliburton, and General Motors). Others were lambasted for jeopardizing the safety of their workers or snatching up funds intended to help small businesses. See Christian Davenport, Abha Bhattarai & Jena McGregor, *As Coronavirus Spreads, So Do Reports of Companies Mistreating Workers*, WASH. POST (Mar. 31, 2020), <https://perma.cc/R72M-E8MG>; Stephen Gandel, *Paycheck Protection Program Billions Went to Large Companies and Missed Virus Hot Spots*, CBS NEWS (Apr. 20, 2020), <https://perma.cc/B72V-JLN3>.

5. Of course, some question whether this movement is sincere. Leonhardt, for example, argues that large firms will consolidate because of the pandemic and form oligarchs, effectively pushing out smaller firms. See Leonhardt, *supra* note 1.

6. See Daniel J. Morrissey, *The Pandemic’s Impact on American Business*, TULSA WORLD (May 18, 2020), <https://perma.cc/JPN5-ZUJG>.

7. *Id.*

8. N. Craig Smith, *When It Comes to CSR, Size Matters*, FORBES (Aug. 13, 2013), <https://perma.cc/HFH9-QGJZ> (noting how CSR practices are more economically burdensome for smaller companies).

9. Indeed, some news outlets have suggested that smaller firms are suffering more than larger ones. See, e.g., Heather Haddon, *McDonald’s, Chipotle, and Domino’s Are Booming During Coronavirus While Your Neighborhood Restaurant Struggles*, WALL ST. J. (Oct. 12, 2020), <https://perma.cc/XCF2-K5KH>.

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Much is already known about the pandemic's effects on big business, and the outlook is rosy. Many predict that big, multinational companies are poised to be even more successful after the pandemic ends, as smaller, closely held companies do not have the capital to endure the higher operating costs and financial uncertainty the pandemic brought on.<sup>10</sup> Thousands of such enterprises have already closed, and many more are destined to in the months ahead.<sup>11</sup> As a result, what concerns us is the important corollary question of how small and closely held businesses outside large urban centers have responded to the pandemic. This question matters because it affects millions of people outside the major metropolitan hubs of New York, Chicago, Houston, Seattle, and Silicon Valley that often are written about because of their disproportionate share of Fortune 500 companies.

This Article offers a first examination of business reactions to the pandemic in the Inland Northwest, a region of the country not widely known outside the West. As politicians describe practices on Wall Street in contravention of values on Main Street, there is a real need to understand the business climate amid the pandemic in places like the Inland Northwest, which are too easily overlooked. Yet, they often serve as reliable bellwethers of economic health, the business impact of governmental regulation, and political change.

Corporate behavior always affects people, but not all corporations and not all communities are equally poised to weather the economic storm brought on by COVID-19. This Article provides an initial look at the effects of the pandemic in one overlooked community by empirically investigating business responses to the pandemic in the Inland Northwest across three industries: agriculture, banking, and tourism.

The Article proceeds as follows. Part II describes the Inland Northwest and how COVID-19 played out in the three largest communities within that region: Spokane, Washington; Coeur d'Alene, Idaho; and Missoula, Montana. Part II offers basic demographic information on the region, a description of its business communities and leading industries, and details on the rollout and effects of the pandemic in the region. Part III describes the methodology we deployed in constructing a survey to help us understand how small and closely held businesses in the Inland Northwest responded to the pandemic. Part III also offers information on our positionality as re-

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10. Matt Phillips, *Investors Bet Giant Companies Will Dominate After Crisis*, N. Y. TIMES (Apr. 28, 2020), <https://perma.cc/EY7M-P63H>.

11. Although the collection and reporting of data is not yet complete, the U.S. Small Business Association's Office of Advocacy noted at the outset of the pandemic that small businesses were among the first affected. Applications for business licenses were down, unemployment insurance claims were up, and paid employment for workers in small businesses was down dramatically. See Elisabeth Newcomb, *Early Reports Show Deep and Immediate Effects of COVID-19 on Small Business*, U.S. SMALL BUS. ASS'N, OFF. OF ADVOC. (Mar. 1, 2020), <https://perma.cc/F6EY-PHYW>.

searchers; our research questions; sampling strategy; survey instrument; survey technique; resources consulted; and our study's limitations. Part IV contains what we learned from the survey and through examining more documentary information, such as websites, news articles, and corporate mission statements. We describe business responses to the pandemic across the three cities of interest in the Inland Northwest in the industries of agriculture, banking, and tourism, comparing these responses to responses taken by national and international companies in the same industries. In Part V we synthesize the findings and offer conclusions. We are concerned throughout with how business behavior impacts people—both employees and consumers—and how well regional businesses embrace CSR in their responses to the economic challenges brought on by the pandemic.

## II. COVID-19 AND ITS EFFECTS IN THE INLAND NORTHWEST

The Inland Northwest, often called the Inland Empire by those who are familiar with the region, includes Eastern Washington and Northern Idaho, and sometimes Western Montana and the Northeastern corner of Oregon, depending on the context. Hedged by mountain ranges on three sides, this lesser-known neighbor to the Pacific Northwest is a hub for agriculture and tourism of its beautiful landscapes.

The three largest cities within the Inland Northwest are Spokane, Washington; Coeur d'Alene, Idaho; and Missoula, Montana. Spokane, Washington is the region's largest metropolis with a population of nearly 500,000 and was originally populated by the people of the Spokane Tribe. When gold was discovered in the city during the late 19th Century it became an epicenter for mining, generating interest in the region.<sup>12</sup> Today, the city is known for its agribusiness and biotech sectors<sup>13</sup>

Spokane's satellite city, Coeur d'Alene, Idaho, has a population of 52,414 and is the largest city in northern Idaho.<sup>14</sup> CdA—a common abbreviation for those easily discouraged by its French spelling—was originally inhabited by the Schitsu'umsh people and was renamed by the French fur traders who established themselves on the banks of the rivers and lake. The city has blossomed in recent years because of an increase in tourism moti-

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12. DON POPEJOY & PENNY HUTTEN, IMAGES OF AMERICA: EARLY SPOKANE 2 (2010).

13. *Id.*

14. QuickFacts, *Coeur d'Alene city, Idaho*, U.S. CENSUS BUREAU, <https://perma.cc/CKH6-L6ZN> (last updated July 1, 2019).

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vated by several newer resorts on Lake Coeur d'Alene.<sup>15</sup> Cda now impresses in fields such as healthcare, manufacturing, retail, and recreation.<sup>16</sup>

Missoula, Montana is the eastern-most of the three Inland Northwestern cities discussed in this Article and is the second-largest metropolitan area in Montana behind Billings.<sup>17</sup> While originally inhabited by the Bitterroot Salish people, Missoula today is centered heavily around the University of Montana, one of the region's largest employers. Its two large hospitals and lumber industry—together with the business the university brings to the city—characterize the region's most prominent sectors.<sup>18</sup>

The first case of COVID-19 was reported by a Washington-state resident toward the end of January 2020.<sup>19</sup> In March, the virus began gaining momentum, and Washington remained a hotspot in terms of new cases and rate of hospitalization.<sup>20</sup> Of our three subject cities, it makes sense that Spokane, Washington—with the largest population and closest proximity to counties with the highest COVID-19 numbers in the nation—was hit hardest by the virus at this early date. On March 23, Washington's governor, Jay Inslee, introduced his "Stay Home, Stay Healthy" initiative, ordering people to stay home from school and work, closing nonessential businesses and limiting public gatherings.<sup>21</sup> Originally only projected to last 2 weeks, the ban on gatherings and closures of nonessential businesses was extended until May 4. Washington's "Safe Start" approach to reopening the state followed, which outlined a phased county-by-county reopening.<sup>22</sup> Under this approach, metrics such as case counts, hospitalizations, and other factors determined on a county-by-county basis the degrees of freedom available to communities. In each of the steps Washington took responding to COVID-19, Governor Inslee expected everyone to voluntarily comply, "[b]ecause

15. See *Best Small Places for Business and Careers 2019: Coeur d'Alene, ID*, FORBES, <https://perma.cc/6WP2-K89L> (last visited Jan. 16, 2021). Cda's popularity has been stoked by many celebrity visits to the area, see Katy Moeller, *Has Idaho Become the 'New North Hollywood?' Celebrities Can't Seem to Stay Away*, COEUR D'ALENE (Aug. 2, 2018), <https://perma.cc/Y8B5-LSL3>.

16. *North Idaho Industries*, CDAEDC, <https://perma.cc/Q9G8-DGEM> (last visited Jan. 10, 2021).

17. Press Release, *U.S. Census Bureau Delivers Montana's 2010 Census Population Totals, Including First Look at Race and Hispanic Origin Data for Legislative Redistricting*, U.S. CENSUS BUREAU (Mar. 15, 2011), <https://perma.cc/32CE-DQ42>.

18. See *Best Small Places for Business and Careers 2019: Missoula, MT*, FORBES, <https://perma.cc/R5L2-X9BZ> (last visited Jan. 16, 2021).

19. Michele L. Holshue, et al., *First Case of 2019 Novel Coronavirus in the United States*, NEW ENG. J. OF MED., 382:929–936 (Mar. 5, 2020) (describing case of 35-year-old man who presented to an urgent care clinic in Snohomish County, Washington on January 19, 2020).

20. Holly Yan, *These States Have Been Hit the Hardest by Coronavirus. Here Is What They Are Doing to Fight the Spread*, CNN (Mar. 13, 2020), <https://perma.cc/8DNM-7P7J>.

21. Wash. Proclamation No. 20-05 (Mar. 23, 2020), <https://perma.cc/X4ZS-CMKS> (last visited Jan. 16, 2021).

22. Wash. Proclamation No. 20-25.4 (May 31, 2020), <https://perma.cc/QT4J-TY4E> (last visited Jan. 16, 2021).

everyone knows all of our loved ones are at risk here.” He even quoted Walt Whitman in a press conference, reassuring Washington residents to “be of good cheer, we will not desert you.”<sup>23</sup> A statewide mask mandate went into effect in late June, but compliance in some sectors and regions within the state was inconsistent.<sup>24</sup>

Kootenai County, which includes CdA, Idaho, experienced trends much like those in Spokane. The county saw an original onset of the virus in mid-March, its first peak in early April, and a resurgence starting to climb again in July.<sup>25</sup> Idaho’s governor, Brad Little, issued a 21-day stay-at-home order on March 25.<sup>26</sup> At that time, only roughly 100 people in Idaho had tested positive for the novel coronavirus. The order was extended through April 30.<sup>27</sup> The first stages of the “Idaho Rebounds” reopening plan began May 1, with the fourth and final stage beginning June 13.<sup>28</sup> Counties reopened more quickly in Idaho than in Washington, and at the time of this writing in December 2020, no mask mandate had been implemented on the state level. In general, Idaho’s political leaders were less likely than those in Washington to enact restrictions on public services and movement. This more hands-off approach was blamed by some when case counts and hospitalizations both began to skyrocket in November 2020.<sup>29</sup>

Missoula, Montana saw relatively fewer cases than the other two cities examined. The virus began its first spread there in mid-March and followed the same trend of Spokane and CdA, with a small peak starting in late March, and the virus picking up traction again in July.<sup>30</sup> Montana issued its

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23. Jay Inslee, Stay Home, Stay Healthy (Mar. 24, 2020) (transcript at <https://perma.cc/UV8P-JDGE>). Of course, many Washingtonian business owners later felt deserted by their state government when rising case counts in November led to renewed limitations on public gatherings and the services of bars, restaurants, and stores.

24. Washington Governor’s Office, *Inslee Announces Statewide Mask Mandate*, MEDIUM (Jun. 23, 2020), <https://perma.cc/FH7J-PHH7>; Callie Craighead, *New Survey Reveals How Many Washingtonians Are Following Statewide Mask Mandate*, SEATTLE P-I (July 17, 2020), <https://perma.cc/3DVT-5ZXJ> (reporting results of survey showing that 59% of respondents never or only sometimes wear a mask when leaving their home).

25. *Idaho Coronavirus Map and Case Count*, N.Y. TIMES, <https://perma.cc/AEX3-SYQZ> (updated Jan. 11, 2021).

26. Press Release, *Governor Little Charts Path to Prosperity, Extends Statewide Stay-Home Order to April 30 with Exceptions*, IDAHO GOVERNOR’S OFF. (Apr. 15, 2020), <https://perma.cc/4VS8-UFNG> (last visited Jan. 10, 2021).

27. *Id.*

28. *Stay Healthy Order*, IDAHO DEP’T OF HEALTH AND WELFARE (May 1, 2020), <https://perma.cc/6SUX-2PEU>.

29. Jim Allen, *Freedom from Face Coverings Comes at Cost of Rising COVID-19 Cases in North Idaho School District*, SPOKESMAN-REVIEW (Dec. 8, 2020), <https://perma.cc/MB4P-Y4S8>.

30. *Montana Coronavirus Map and Case Count*, N.Y. TIMES, <https://perma.cc/9T7L-GJ2D> (updated Jan. 11, 2021).

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directive to combat the spread of COVID-19 on March 15.<sup>31</sup> The state adopted a phased reopening strategy that went into effect May 19. Even in the first phase, nonessential businesses and restaurants were permitted to open, and schools were back in person in May.<sup>32</sup> Still, these early successes later gave way to national attention in the fall, as stories of overcrowding and resistance to mask-wearing dominated the narrative about rising case counts in Montana.<sup>33</sup> Governor Bullock issued a statewide mask mandate on November 20, but the order was met with resistance in many portions of the state.<sup>34</sup>

Together, these three cities offer a unique window into the business-related effects of COVID-19 in the Inland Northwest, itself a large but often overlooked region of the country.

### III. RESEARCH METHODOLOGY

We bring to this Article distinct backgrounds as researchers. One of us (Rooksby) is Dean and Professor of Law and Leadership Studies at Gonzaga University, one of the three law schools situated within the Inland Northwest.<sup>35</sup> Dean Rooksby has advised corporations in many legal matters over the course of his legal career and is an expert in intellectual property law and higher education law. With advanced training in social science research techniques, he brings to the project a background in qualitative research and an interest in CSR as it relates to regional economies.

The other researcher (Handick) is a newer researcher, currently in her first year of law school at Gonzaga University. A native of Portland, Oregon, she brings to the team a background and interest in science and technology and how they impact society. She also has experience with qualitative research in the context of bioethics and medical decision-making. While our backgrounds and career stages are different, together we share an appreciation for the CSR movement and a desire to learn more about how CSR applies in local and regional economies, including its limitations.

Research questions that guided our approach to the study include the following:

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31. Mont. Governor Directive re COVID-19, FMCSA (Mar. 15, 2020), <https://perma.cc/972S-S3ZA> (last visited Jan. 10, 2021).

32. Press Release, *Governor Bullock Announces Plan to Begin Phased Reopening of Montana*, MONT. DEP'T COM. (Apr. 23, 2020), <https://perma.cc/QB9Q-KP58>.

33. Jim Robbins, *Pandemic Crowds Bring "Rivergeddon" to Montana's Rivers*, N. Y. TIMES (Nov. 20, 2020), <https://perma.cc/8WBG-PCDK>.

34. Kathleen McLaughlin, *Mask Defiance Remains Strong in Big Sky Country, Even as Pandemic Rages*, STAT NEWS (Nov. 27, 2020), <https://perma.cc/3J6D-2RHE>.

35. Gonzaga Law School is in Spokane, the University of Montana's Alexander Blewett III School of Law is in Missoula, and the University of Idaho College of Law has campuses in Moscow and Boise.



- To what extent have corporations in the Inland Northwest responded to the COVID-19 pandemic in a manner consistent with CSR?
- How do the corporate responses in the industries studied compare to responses from national corporations in the same industries?

We identified the three industries studied—agriculture, banking, and tourism—based on their prevalence in each community examined in the Inland Northwest. Within each industry in each city, we scoured public information to determine the largest employers. Using publicly available directories and websites, we then called and/or emailed each company identified and asked to speak with someone at the vice-presidential level or higher who could talk with us about their company's response to COVID-19 and the business-related impacts the pandemic had on the company's consumers and employees.

The interviews were conducted from August through October 2020. Nearly 90% of companies contacted ultimately responded and participated in an interview. The interview script we used was simple and contained only three questions:

- As COVID-19 began to spread in the Inland Northwest, from March 2020 until now, did your company offer any incentives or special treatment to customers, recognizing the hardships many are under?
- As COVID-19 began to spread in the Inland Northwest, from March 2020 until now, did any of your company's policies change regarding employees?
- Do you have any additional information you can share regarding how your company's business interactions with customers and employees has changed because of COVID-19?

We were careful not to guide the conversation by inserting CSR into the questions or follow-up discussions. Handick completed all interviews, which were audio-recorded and transcribed for ease of reference by both Rooksby and Handick. We supplemented our understanding of interview responses by collecting more documentary information from websites, news articles, and corporate mission statements.

Limitations of our study are many. For one, our study focuses on but three local economies within the region, and therefore results may not be consistent across other communities within the region. Second, our study focuses on but three industries. While these industries are prevalent within the region (thus the reason for their selection), the responses of those three industries to the COVID-19 pandemic could be unique or different in comparison to the responses of other industries within the region that we could have selected for study, but did not. Finally, there are limitations to our data that help cabin our findings. Importantly, the data are generally only as reliable as the interviewees who provided us the information. Some interviewees may have misremembered facts and details or felt pressure to paint their company's actions in a certain light. Additionally, the data only reflect

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actions taken during a limited segment of time—i.e., roughly six months during 2020—and therefore may be incomplete as corporations decide to take different actions as the pandemic continues. Despite these limitations, we feel confident that our study makes an important and meaningful contribution to our understanding of business reactions to COVID-19 in the Inland Northwest.

## IV. BUSINESS REACTIONS TO COVID-19 BY INDUSTRY

In this section, drawing from our research, we describe the business reactions to COVID-19 in the Inland Northwest across three industries of interest: agriculture; banking; and tourism. We draw comparisons to national responses by industry where applicable.

A. *Agriculture*

The agriculture industry's experience in the Inland Northwest with COVID-19 can be characterized by reimagination and reorientation. Respondents discussed having to mitigate the anxieties that arise from being an essential service struggling with demand for its product. Normally, these smaller, closely held farms contribute significantly to their communities as local food sources. That said, the pandemic made them far more vulnerable to even slight shifts in demand for the specific crops grown on their farms.

When companies began laying employees off in March, the farms were no exception. Mostly, respondents in this industry struggled with retaining employees on their regular pay when the unemployment benefits offered by government initiatives provided an increase. Complicating as this was for managers in these companies trying to stay open, they did understand the difficult place in which their employees found themselves. A farm in Spokane shared that some of its employees were “helping to support family, and when you make \$800 more a week on unemployment than you can working, it's brutal. Reasonable, understandable that they would be drawn away, but brutal for us.”

This reality forced some companies into finding creative ways to allow their employees to stay on staff, supporting the farm, while remaining eligible to collect unemployment pay. Notably, these farms identified their employees' longstanding loyalty as the reason they maintained that priority; one farm in Spokane observed its employees trying hard to honor the long-term relationship between employer and employee, “wanting to do the right thing, being willing to do the right thing” while the farms adjusted.

Farms also had to adapt in terms of their product—the demand for it as well as production schedules and processes were impacted by COVID-19. One respondent shared that their farm started selling staple items in their

small store, which they had never done before the pandemic, because “it was more convenient or felt safer for some to come into [the] store instead of going into town where everyone was doing their shopping during the beginning of quarantine.” During this time stores were often out of stock of basic items such as toilet paper, tissues, and hand sanitizer. This farm altered their product to fit the community’s present needs, foregoing their usual business structure and product.

Another respondent had to make similar changes when their community farm was no longer able to host people in person. Instead, they thought of ways to offer online educational programs and virtual cooking classes that could still accomplish some of the original purpose of the community garden, but appropriately considering what was possible, as well as what customers could make use of in the moment.

The agriculture industry representatives with whom we spoke lamented that, while governments found them essential businesses, their smaller size severely jeopardized their security, unlike better resourced national companies operating in the same sector. These smaller agricultural businesses provide such necessary services and produce life-sustaining goods for their communities, yet they struggled to stay afloat because of their size. While this reality was frustrating for many in the industry, some took heart in reflecting on the loyalty of their customers and employees, which they said sustained them.

The difficulties described by respondents in the agriculture sector mirrored what experts called an immediate and severe crisis facing smaller farmers and their families.<sup>36</sup> As a result of shelter-in-place orders, demand for biofuels dropped, which led to reduced demand for the grains used in biofuels, like corn.<sup>37</sup> Moreover, with fewer people eating out, restaurants and hotels—traditionally big buyers of local foods—had less need for meats, dairy, and crops.<sup>38</sup> While in some cases new markets emerged, the instability and shifting demand made for an arduous year for farming families across the country.<sup>39</sup>

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36. Robert Johansson, *America’s Farmers: Resilient Throughout the Pandemic*, U.S. DEP’T OF AGRIC. (Oct. 13, 2020), <https://perma.cc/6KAD-NGYJ>.

37. Farzad Taheripour & James Mintert, *Impact of COVID-19 on the Biofuels Industry and Implications for Corn and Soybeans Markets*, PURDUE U. CENTER FOR COM. AGRIC. (Apr. 13, 2020), <https://perma.cc/9E2Y-CTY7>.

38. *Food Supply Chains and COVID-19: Impacts and Policy Lessons*, OECD (June 2, 2020), <https://perma.cc/YW2F-QRLB>.

39. For more on the pandemic’s negative impact on family farms, see *Understanding the Economic Crisis Family Farms are Facing*, FARM AID (Sept. 14, 2020), <https://perma.cc/R26N-2TTS>.

### B. Banking

*Empowerment* and *flexibility* were words often used to describe the reaction of the region's banking industry to COVID-19 in their treatment of employees. Respondents described taking several steps to care for employees, from purchasing every coworker a thermometer and masks, to liberalizing paid time-off programs, to being "as flexible as possible with any family or childcare needs." According to one respondent, these measures had the effect of showing that "we trust coworkers and that we want them to be in control of their own health."

One respondent described how their bank offered "pandemic pay," essentially a 25% increase in their pay for employees electing to stay on-site as essential workers. These increased wages lasted for almost three months. Respondents also described making sure that no employee lost vacation benefits if they had to quarantine; instead, more sick leave was extended, and the employee continued to be paid even if they spent any time in quarantine.

One bank described how it rotated teams of employees through its branches. When its locations were closed to the public, the bank could have sent more than half of each branch's workforce home without pay, as those individuals were unneeded to staff the drive-thru service. Instead, the bank paid the team off-duty, on the theory that those employees might need to be called into duty should COVID-19 infections compromise the working team. As this respondent described, "We are constantly thinking about ways to keep employees safe and to look at the whole person. So right now, our team is working on how we can ensure the emotional and physiological and mental stability and health for our employees, recognizing the massive strain on not just physical wellness this pandemic has placed for on all of us." All respondents noted offering additional mental health and psychological counseling for their employees to help address the concerns.

Customers of the region's banking industry generally were treated with great care as well. A bank in Missoula described designating one of its branches for high-risk populations and creating some "spur of the moment" products to help people with any financial challenges related to loan payments. A bank in Spokane similarly described being lenient with customers and extending terms for some, although, admittedly, these concessions were made case-by-case based on the strength of the client relationship. As the respondent described, "Because we are a community bank, and because we serve in primarily five different markets, we didn't come out globally with any incentives or special treatments other than we sent customer communications out that said 'we are here for you.' We are a relationship-oriented

bank, and we customize based on where that customer's situation is. We have done loan deferral, but we manage that relationship by relationship."

A bank in CdA described its "all-hands-on-deck effort" to respond to its customers' needs with respect to the Paycheck Protection Program ("PPP"), accepting applications seven days a week and processing them quickly. The bank ended up originating over 200 PPP loans, amounting to ~\$24 million, a marked increase from its typical loan generation cap. As the respondent described, "This increase was an amazing thing for us to be able to do, to respond and support small businesses. This allowed those businesses to keep their employees in work, their families afloat, and that has been incredible to see and be a part of."

The banking industry in general seemed the best suited to weather the pandemic. Whether routine or complex, most banking-related transactions can be conducted online or over the phone. And while many respondents prided themselves on being available, in person, to their customers, none suggested that they risked going out of business unless they maintained such availability. In most respects, the concessions offered to employees and customers by local banks seemed to mirror, if even on a smaller scale, the CSR behavior noted by national banks, such as Bank of America and Wells Fargo.<sup>40</sup> Two commentators writing in December 2020 called banks "the public face of Paycheck Protection Program loans and other measures that have helped millions of Americans stay solvent."<sup>41</sup> At the same time, they noted how banks risk alienating consumers when they invariably fall behind on mortgage payments, credit cards, and car payments unless banks "put empathetic client care and long-term relationship building ahead of short-term profits." By all accounts, respondent banks in the Inland Northwest are already doing just that.

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40. See, e.g., Caroline Hudson, *Bank of America Issues \$1B Bond for COVID-19 Relief Efforts*, CHARLOTTE BUS. J. (May 20, 2020), <https://perma.cc/QFE2-49G2> (announcing a COVID-specific bond issuance that permitted Bank of America to offer enhanced loans to hospitals, nursing facilities and health-care manufacturers); Press Release, *Wells Fargo Announces Efforts to Keep People Housed in Response to COVID-19*, 3BL CSR WIRE (May 15, 2020), <https://perma.cc/ERL4-9EXT> (announcing Wells Fargo grants to enable national nonprofit housing intermediaries, local housing counselors, and nonprofit housing providers to support housing stability for more than 100,000 renters and homeowners across the U.S. facing financial challenges).

41. Aaron Fine & Ahmet Hacikura, *Bankers Were the Villains of the Last Recession. They Can Be the Heroes in This One*, FORTUNE, Dec. 11, 2020, <https://perma.cc/GP6T-THC7>.

### C. Tourism

Of the industries we explored for this project, the tourism industry was the one most impacted by COVID-19.<sup>42</sup> Respondents expressed a lack of agency as perhaps the biggest source of their anxiety. When states instituted stay-at-home orders, hotels, casinos, and restaurants were no longer in demand. People not only feared travel, but in many places were not allowed to engage in it, per their state's COVID-19 safety plan. The industry was at the mercy of these rules, and incentives or special promotions to customers could do little to increase customer demand (e.g., few rushed to purchase gift cards that could be redeemed only at a later date).

One respondent hotel in Spokane shared that remote work—an arrangement commonly used for employees in other industries—was not an option for them. When state closures peaked in March, business was so slow that many of their employees could not get adequate hours, so they had to be laid off. Another respondent in Missoula had similar issues with keeping employees engaged at their pre-COVID-19 capacity. For small businesses, especially, it was painful not to be able to keep their doors open. Had the situation called for enhanced creativity or managerial nimbleness, respondents revealed they felt they could have risen to the challenge. Even so, the only plausible solution was to wait for their state to craft reopening plans that would allow them to operate or operate more fully.

When people began to feel safer traveling again—which for many, was not until late May—there were some slight adjustments to company policies that these businesses could offer within the state restrictions. A respondent hotel in Spokane changed its cancellation policy to allow for day-of cancellations without charge in hopes of assuaging their guests' health concerns and anxieties around COVID-19. For guests who did stay, the hotel left letters in each room explaining the housekeeping procedures, to calm nerves and convey how seriously the hotel was approaching the subject of cleaning during this time. Housekeeping was offered at whatever frequency guests requested. Yet the letter explained that guests could opt out of daily cleaning to limit staff coming into the rooms for both staff and guest safety.

One respondent golf club in CdA shared its perspective on being labeled a nonessential business, challenging what that designation really means: “our community relies on us to provide a break and getaway from everyday life, so we treat our work like it is essential. We uphold safety protocols as if we are essential to minimize the risk of an outbreak and

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42. Devastation of the travel and tourism industries has been widely noted. *See, e.g.*, Scott McCartney, *The Devastated Travel Industry, by the Numbers*, WALL ST. J. (Apr. 15, 2020), <https://perma.cc/K8Q4-89KZ>.

long-term closure.” This mindset kept them running, at near capacity, even as COVID-19 persisted. This trend appeared to be reflected in the larger golf industry as well. As COVID-19 persisted through warm summer months, the activity proved ideal for safe, socially distanced, outdoor recreation.<sup>43</sup>

The experiences of our respondents in the tourism industry mirror some of the national trends for Fortune 500 companies operating in this space. Flexibility and safety were priorities for national hotels, airlines, and ride-share companies.<sup>44</sup> What used to be commonly accepted minor annoyance or hassles within the industry’s national players—such as airline change fees, the quick sunseting of status in loyalty programs, or inconsistent standards of cleanliness in ride-share vehicles—were reevaluated as potential barriers to customers returning to the industry. Many have come to ask themselves, upon learning of new electrostatic sterilization techniques, for example, now being undertaken by airlines: why were these measures not being taken before?<sup>45</sup> A focus on safety—and as part of that, cleanliness—will likely be a lasting effect of the pandemic for the tourism industry.<sup>46</sup>

In terms of workforces at national companies, even a strong brand could not immunize employees from adverse effects on their employers brought on by the pandemic. For example, many airline pilots—who commonly command high salaries—were furloughed by their employers, causing some to leave the industry entirely.<sup>47</sup> Marriott International, the largest hotel chain in the world, announced layoffs of 17% of its corporate workforce in September 2020, with more expected if trends continue.<sup>48</sup> The pandemic’s impact on travel has been estimated to be orders of magnitude larger than the attacks of 9/11 had on the industry.<sup>49</sup> Unlike technology companies, which have enough cash on hand to cover operational expenses for years, even large companies in the tourism industry operate on thin mar-

43. See Dylan Dethier, *New Study Shows Shocking Effects of Coronavirus on Golf Industry*, GOLF MAG. (Sept. 25, 2020), <https://perma.cc/V9NS-6VRZ> (noting a 20% increase in rounds nationwide from August 2019 to August 2020).

44. See, e.g., Press Release, *American Airlines Takes Strategic Action in Second Quarter to Prioritize Safety, Flexibility and Efficiency in Response to COVID-19*, AM. AIRLINES GROUP (July 23, 2020), <https://perma.cc/Y2W6-JHTS>.

45. For more on changes to the cleaning regimens of airlines, see *Aircraft Cleaning and Disinfection During and Post Pandemic*, AITA (June 19, 2020), <https://perma.cc/VE4X-6VDU>.

46. Zongzong Zhou, *COVID-19 Presents Travel and Tourism Industry with a Unique Opportunity to Evolve*, HOSPITALITYNET (Apr. 30, 2020), <https://perma.cc/NHT6-SZPL>.

47. Benjamin Katz, Mike Cherney & Alison Sider, *From Pilot to Truck Driver—Airline Careers Grounded by Pandemic*, WALL ST. J. (Dec. 7, 2020), <https://perma.cc/GCN7-6TXB>.

48. Dee-ann Durbin, *Marriott to Lay Off 17% of Corporate Staff Next Month*, NBC WASH. (Sept. 10, 2020), <https://perma.cc/JT9F-HM8U>.

49. Elizabeth Becker, *How Hard Will the Coronavirus Hit the Travel Industry?*, NAT’L GEO. GRAPHIC (Apr. 2, 2020), <https://perma.cc/A42M-FU5N>.

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gins. When the pandemic hit, and federal relief ended, sadly many were without the cash to maintain their employees. The promise of safety measures luring consumers back to tourism is necessarily linked to resuscitating the sector's workforce.

## V. CONCLUSION

As a Wall Street Journal article noted in late 2020, "the idea that companies need to pursue a purpose beyond profit has gained traction in recent years, growing stronger in 2020 with the pandemic and social-justice protests."<sup>50</sup> Indeed, the pandemic has caused all of us to have to shift our focus from the short-term to the longer-term. For corporations, this shift in thinking, emblematic of CSR practices, benefits society as much as it does owners and shareholders. But it also comes at a cost, as some of these practices are time consuming and do little to directly turn profit, and instead come with their own attributable expenses.

Our research suggests that local companies in the agriculture, banking, and tourism industries within the Inland Northwest were willing to adopt CSR practices with respect to their employees and customers, costs notwithstanding, at least in the short term. As the pandemic drags on, what remains to be seen is for how much longer local companies in these three sectors will continue to embrace CSR practices, or be able to afford them.

We predict that the regional banking industry is the best suited of the three to operate into the foreseeable future in a manner consistent with CSR and national competitors. Capital is capital, and while national competitors have more of it, regional banks have scaled their businesses appropriately to be positioned to make concessions in hard times. By contrast, the agriculture sector, because it cannot realize the economies of scale of larger, national competitors, faces distinct challenges that may only be exacerbated as the pandemic continues and demand for products fluctuates. Finally, the tourism industry is the most dependent on a return to business as usual and therefore faces most pressure to avoid or minimize CSR practices because of competing demands for capital. With national firms in that sector taking drastic cost-containment measures, local companies cannot expect to fare any better. Until herd immunity is achieved in the Inland Northwest—which may be some time, given initial reports of public fears or skepticism of vaccination and a slow state-by-state rollout—the tourism industry may continue to operate under restrictions that impede its ability to focus on anything more than survival. Indeed, several local hotels, restaurants, and movie theaters are unlikely to survive the pandemic.

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50. Alex Edmans & Tom Gosling, *How to Give Shareholders a Say in Corporate Social Responsibility*, WALL ST. J. (Dec. 6, 2020), <https://perma.cc/ZT55-MYXJ>.



We conclude on a note of optimism for the Inland Northwest. One might have predicted that, in confronting a national emergency, local firms, in adapting their business models, would be unable to do much more than focus on the bottom line. And yet respondents in our study showed that most are willing to do right by their customers and employees, thereby embracing a CSR approach to business, even if it means absorbing short-term losses. If one believes that true values emerge in times of stress, then the local firms we studied largely have proven that they value their employees and communities and will do what they can to serve them while they also focus on turning a profit in one of the most challenging years for business our country has ever seen.