

# Maximizing the role of CSR amid the challenges of a pandemic

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## ABSTRACT

The Covid-19 pandemic that hit almost all countries, including Indonesia brought many limitations in various fields or sectors in society. Starting from the social sector, transportation, manufacturing, food, to the economy. However, one of the sectors hardest hit by the pandemic is the economic sector. This happened because Indonesia implemented large-scale social restrictions, curfews, and even semi-lockdown which ultimately had an impact on the wheels of the economy not turning well. Deteriorating economic conditions, causing many companies to lose money. Companies that are still surviving are also facing new challenges, namely how to implement and maximize social obligations to the community even though the company's resources are limited. The purpose of this study is to find out how maximally Corporate Social Responsibility is carried out by companies and in this study, several companies with Corporate Social Responsibility activities will be explained during the pandemic.

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## 1. Introduction

From 2019 to 2021, Indonesia and the world are still busy struggling to deal with Covid-19. This pandemic has claimed many lives throughout the world. Reported from i-News.Id, the number of global deaths due to Covid-19 has crossed the 5 million mark (WHO, 2020a). This number has been recorded for two years since the Covid-19 pandemic broke out throughout the world starting November 17, 2019 (WHO, 2020b). The countries that contributed the most fatalities were America, the European Union, Britain, and Brazil. Together, these four countries account for one-eighth of the world's total population and even the reported deaths of Covid-19 patients in these countries account for almost half of the total deaths due to Covid-19 globally (Lestari & Sularso, 2020). Meanwhile, Indonesia was in seventh position with the highest number of deaths from Covid-19 in the world.

Not only causing fatalities, Covid-19 also has a negative impact on other sectors, one of the worst being the economy (Fadillah, 2019). Other countries in the world are also experiencing difficulties in the economic sector due to the pandemic (Zhao et al., 2020). This can happen due to almost every country implementing Lockdown or social restrictions in its community, so that production activities are disrupted (Wahyudi & Adhani, 2021) and people's purchasing power decreases (Nunan & Di Domenico, 2019). For example, in the UK, which has even locked down twice. Prime Minister Boris Johnson announced the second national lockdown in November 2020. As a result, restaurants, bars or pubs, gyms and non-essential shops had to close for four weeks. Then there is also Italy which imposed social restrictions for one month starting in October 2020. All bars and restaurants in Italy must close by 6pm, swimming pools, gyms, theaters and cinemas must close. Gatherings for weddings, baptisms, or funerals are prohibited. While schools and workplaces are still allowed to open, a number of secondary schools are encouraged to conduct distance learning (Shafi et al., 2020).

While in Indonesia implementing Large-Scale Social Restrictions. The government regulation is informed through the Coordinating Ministry for Human Development and Culture of the Republic of Indonesia listed at [kemenkopmk.go.id](http://kemenkopmk.go.id), including PP No. 21 of 2020 regarding Large-Scale Social Restrictions (Akbari & McClelland, 2020). The definition of Large-Scale Social Restrictions is the restriction of certain activities to residents in an area suspected of being infected with Covid-19 with the aim of preventing the possible spread of Covid-19. The scope of the regulation includes, (1) Minimum school and workplace holidays, activity restrictions religious activities, and restrictions on activities in public places or facilities, (2) Restrictions on activities must take into account the educational needs, work productivity, educational needs, and worship of the population as well as the basic fulfillment of the population (Song et al., 2021).

The government issued and implemented these regulations to reduce the spread of Covid-19 in the community. However, the implementation of Large-Scale Social Restrictions (PSBB) has had a negative impact on the economic sector (Syafrida & Hartati, 2020). The implementation of restrictions in public places such as restaurants, shopping centers/malls, cinemas, tourist attractions, and so on makes the income or turnover of these places decrease, it can even be up to 50% (Lu & Huh, 2020). With a reduction in income, it can lead to Termination of Employment (PHK) of employees who work in the places mentioned above. It was reported from *money.kompas.com* that at least 2 million employees were laid off or laid off by their companies due to the Covid-19 pandemic.

However, in the midst of the chaos in the business world due to Covid-19, there are still quite a few companies that are able to survive in the midst of this condition (Negarestani et al., 2021). Data from the Central Statistics Agency (BPS) recorded the number of public companies on the Indonesia Stock Exchange (IDX) as much as 709 as of October 2020. The growth in the number of public companies listed on the IDX this year did not grow so fast. In January 2020, there were 674 companies listed. This means that within 9 months there were only 35 companies growing (Wicaksono, 2021). These companies that are still surviving and strong enough to continue operating are the ones that must continue to carry out their social obligations by carrying out Corporate Social Responsibility as a corporate social responsibility to the surrounding environment. The role of CSR to the surrounding environment must be very beneficial, especially if the environment around the company is badly affected by Covid-19. Doing CSR and maximizing its role in the surrounding environment in the midst of a pandemic, is a challenge for the company.

## 2. Theoretical Framework

In its concept, CSR is divided into two, namely in a broad and narrow sense. In a broad sense, CSR includes the objectives of sustainable economic activities and corporate accountability to society and the state. Meanwhile, in a narrow sense, it includes laws and regulations and expert opinions regarding CSR (Wu et al., 2021). Then the basic understanding of CSR for companies revolves around three things, namely the first is voluntary (volunteer), the second is generosity (philanthropy), and the third is responsibility (obligation).

Then there are 5 steps that must be taken in deciding the CSR program (Wicaksono, 2021), namely:

- 1) Engagement. Communication approach to the community in order to build relationships and gain public trust and acceptance of the corporation. This phase can also be used as a forum for socializing the CSR program that will be carried out.
- 2) Assessment. Identification of community needs and problems as the basis for designing CSR programs. This stage can be carried out not only based on the aspirations of the community, but also based on a rights-based approach (international conventions or normative standards of community social rights) (Han & Hyun, 2018).
- 3) Plans of action. Formulate an action plan. The program that is carried out ideally takes into account the aspirations of the community but on the other hand it also carries out the company's mission, including other shareholders.

- 4) Action and Facilitation. Implement programs that have been mutually agreed upon. Programs can be carried out by the community itself or local organizations. However, companies or NGOs can also be facilitators. It is also necessary to provide assistance, monitoring, and supervision so that the program can run optimally.
- 5) Evaluation and Termination or Reformation. Assessing the success of CSR programs in the field. If based on the evaluation the program is forced to end, it is necessary to have some kind of contract termination and a good exit strategy between the parties involved.

### 3. Method

The research used is a literature study (Pribadi & Nasution, 2021). Literature study is an activity to search for written data sources such as books, journals, archives, magazines or documents that are relevant to the problem being studied, so that the sources obtained can be used as references (Shafi et al., 2020). This paper aims to find out how big the role of corporate social responsibility is during the Covid-19 pandemic.

### 4. Results and Discussion

Reporting from *kompas.com* and quoted from WHO, Covid-19 (Corona Virus Disease 19) is a severe acute respiratory disease caused by the corona virus. This disease can be fatal for children, the elderly, and those with health problems such as diabetes, chronic breathing, and cancer (WHO, 2020a). There are several ways to prevent the potential for contracting this virus, namely by wearing masks, keeping a distance from other people, washing hands with soap, not being in crowds, knowing well the correct information about Covid-19 (Shafi et al., 2020). unpredictable in this modern era. In the midst of the busyness of the world in various kinds of activities such as economic activities, innovation, and so on, suddenly Covid-19 came to destroy the plans and activities of the world community and forced humans to stop for a moment from their activities.

The Covid-19 pandemic has also had a tremendous impact on sectors in society. The main sector that has an impact due to Covid-19 is health, given the large number of deaths due to Covid-19 disease. The second sector that is severely affected is the economic sector (Syafri & Hartati, 2020). Moreover, with the implementation of the PSBB, the country's economy does not run as it should. Covid-19 has also exacerbated the condition of small communities and MSME traders, which before the pandemic had been difficult. In the midst of difficult conditions like this, the role of CSR carried out by the company is very much needed by the community. Although many companies currently have limited resources, CSR programs must still be implemented as a form of corporate social responsibility to the surrounding environment (Amnesty International, 2020).

The definition of CSR according to Kotler & Keller (2016) defines it as a corporate commitment to improve the welfare of the surrounding community through business practice policies and the contribution of corporate resources. Then, The World Commission on Environment and Development (WCED) in the Brundtland Report, Elkington packages CSR into three focuses which are abbreviated as 3P which stands for profit, planet, and people. A good company does not only focus on seeking profit or economic gain (profit), but also has concern for environmental sustainability (planet), and community welfare (people).

There are regulations governing CSR programs as written in the Regulation of the Minister of State-Owned Enterprises Number Per – 5/MBU/2007 concerning the BUMN Partnership Program with Small Business and the Community Development Program, then in article 2 it is written as an obligation for BUMN and company to carry it out. Then it is also regulated in Law No. 40 of 2007 concerning Limited Liability Companies, which in Article 74 paragraph 1 states that companies that carry out their business activities in or related to natural resources are obliged to carry out social and environmental responsibilities. As for the fields outside the use of natural resources regulated by Law no. 25 of 2007 in Article 15.

According to (Rahardja et al., 2017), companies will carry out three different types of responsibilities to stakeholders, where the 3 types of responsibilities must be carried out in a balanced manner. You cannot focus on just one of them, because later the company's responsibilities

cannot run optimally. The three responsibilities include: economic responsibility, legal responsibility, and social responsibility.



**Fig. 1.** Three Responsibilities system

(Source : (“Responsibility and Luck : The Moral Basis of Strict Liability,” 2014))

**1. Economic Responsibility.** The main purpose of the corporation is to seek profit or profit. Company managers have economic responsibilities to stakeholders such as shareholders, creditors, suppliers and investors (Baloch et al., 2021) .

**2. Legal Responsibility.** The company in carrying out its operations must pay attention to and comply with the applicable laws and regulations as a form of corporate responsibility (Grygiel & Brown, 2019).

**3. Social Responsibility.** Another responsibility that must be carried out by the company is social responsibility or commonly called Corporate Social Responsibility (CSR). Kotler and Lee define social responsibility as a company's commitment to developing communities, increasing community welfare through freedom. Social responsibility can at least allow companies to take action through business practices .

CSR has an important role within the organization, especially in difficult times like this. There are various factors that cause CSR to play an important role, including (Xifra, 2020). (a) The loss of boundaries between various regions of the world caused by globalization, has led to the emergence of universality. So it becomes very possible multinational companies can develop anywhere as a chain of globalization, (b) Consumers and investors as the primary public of profit organizations need an overview of the organization's responsibility towards social and environmental issues, (c) As part of organizational ethics, organizational responsibility is needed to be able to manage the organization well (known as good corporate governance), (c) People in various countries consider that the organization has met ethical standards if the organization cares about the environment and social problems, (d) Social responsibility can at least reduce the crisis that has the potential to occur in the organization, (e) Social responsibility is considered to increase the reputation of the organization.

In its implementation to run its social responsibility, company will be confronted with stakeholders, that is, in this case the parties who will relate, receive benefits, and influence and be influenced. This group called stakeholders and Jones mentions and classifies these stakeholders are divided into two:

**Table 1.** Rewards and Contributions to stakeholders

Inside Stakeholders	Contribution to company	Rewards from the company
Shareholders	Money and capital	Dividend from price increase Share
Managers	Ability and expertise	Salary, bonus, status and

		Power
Employees	Ability and expertise	Wages, salaries, bonuses, promotions and jobs stable
Outside Stakeholders		
Customers	Purchase goods and service	Quality, price of goods and services
Suppliers	Input with high quality	Purchase input with normal price
Government	Regulation	Tax

**Fig. 2.** Quoted from Gareth R. Jones, 1995, Organizational Theory : Text and Cases. Addison-Wesley

Afterwards, the ongoing Covid-19 pandemic does not prevent companies from carrying out CSR activities. The following are the number of companies that carry out CSR programs optimally to help the community in the midst of a pandemic:

1) ***PT Semen Baturaja***

PT Semen Baturaja through Baturaja BUMN Creative House mobilizes micro, small and medium enterprises (MSMEs) in the midst of the Covid-19 pandemic to be able to help trade activities carried out by small and medium entrepreneurs, who must have been affected by the Covid-19 pandemic. Since 1991, The company is committed to channeling funds to partnerships as business capital. To date, 2000 MSMEs have been registered which have become the company's fostered partners. Not only providing business capital, Semen Baturaja also holds various management, skills, and promotion training programs and actively promotes MSMEs to be able to survive and be responsive in seeing business opportunities during the pandemic (Wahyudi & Adhani, 2021). Conducting training via video conference on topics related to the current situation such as Branding During the Pandemic Period, Content Marketing Strategy, Copy Writing and Digital Financial Recording (Soedarsono et al., 2020). Then the Company also opened a Focus Group Discussion class for MSMEs so that business actors could convey the obstacles faced during the Covid-19 pandemic and provide advice and opinions on the obstacles faced. Spraying disinfectants, especially in the OKU area for sub-districts and villages located in ring one of the Baturaja Factory.

2) ***Sinar Mas***

Providing assistance in the form of herbal supplements for members of the Indonesian Photojournalist in Jakarta. Through BSD City, Sinarmas Land again provides food assistance to the community in the form of 1,000 food packages containing rice, sugar, oil, sardines, and sweet soy sauce. The assistance is in order to help the government to cope with the impact of the Covid-19 pandemic. Smartfren as part of Sinar Mas, provides 1,000 non-stop quota starter cards to five public elementary schools (SDN) in Banjarmasin, South Kalimantan. This assistance is expected to assist students in conducting distance learning (PJJ). The Sinarmas Land Muslim Foundation donated 1,000 masks in order to prevent the spread of Covid-19 in mosques and prayer rooms.

3) ***Kimia Farma***

Floating clinic program. This program provides health services in remote areas and this program has succeeded in becoming a strategic service for areas that do not yet have adequate health facilities. Even during the Covid-19 pandemic, this program is still running and serving many patients. Healthy island program (Santos-Roldán et al., 2020). Activities carried out in this program are mapping of health problems followed by educating and providing assistance related to healthy living and a healthy environment. During the Covid-19 pandemic, healthy islands became Corona-block areas by carrying out early detection, education related to Covid-19, and efforts to assist the community in breaking the chain of transmission of Covid-19 together.

## 5. Conclusion

CSR activities have a very important role for the company. In addition to showing that the company complies with existing regulations, it can also express the company's good intentions for the community and the environment. This can create a good image and help the company have a positive profile and values in the minds of the public. Especially during a pandemic like this where the situation is difficult, CSR activities that are carried out optimally can potentially help communities affected by Covid-19. Such as PT Semen Baturaja, Sinar Mas, and Kimia Farma companies that are able to help the community by maximizing the role of their CSR programs. It has been adjusted to the situation and conditions of the Covid-19 pandemic. It is hoped that other companies will not make the pandemic a limitation in carrying out CSR, but rather become a potential to be able to do it optimally as the three companies listed above.

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