

# Corporate Social Responsibility (CSR) Strategy and Company Image During the COVID-19 Pandemic

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**Abstract**— At the time of the COVID-19 pandemic, a CSR program launched by a company plays an essential role in reducing the pandemic impact on both the health, social and economic sectors. Bank Rakyat Indonesia (BRI) has established a BRILian CSR program, a program of assistance and economic empowerment of rural communities in accelerating economic recovery, encouraging economic growth, and remaining innovative during the pandemic. It is one of BRI's solutions for micro, small, and medium enterprises (MSMEs) of brass and copper in Tumang, Cepogo, Boyolali, Surakarta, which have experienced a decline in turnover of 75%. This study applied a qualitative approach with a case study method to discover craftsmen's perceptions of the brass and copper MSMEs in Tumang, Cepogo, Boyolali Surakarta regarding the BRI's CSR program. The results disclosed that CSR's role was highly strategic in maintaining the sustainability of MSMEs, especially during the COVID-19 pandemic. Besides, for state-owned banking companies, CSR has been a means of communication and a close relationship between creditors and debtors, as well as building the companies' reputation in the eyes of stakeholders as socially responsible companies.

**Keywords**— CSR, MSME, company image, COVID-19

## I. INTRODUCTION

A CSR program has played a crucial role in reducing the COVID-19 pandemic impact, spreading in Indonesia since March 2020 [1]. Not only impacts the health sector, but the pandemic also impacts the social and economic sectors. One economic sector most affected during this pandemic is the brass and copper MSMEs in Tumang, Cepogo, Boyolali, Surakarta.

This center of the brass and copper industry has the potential for handicrafts with imported and exported commodities. However, the pandemic has caused a decrease in sales of 75% on brass and copper MSMEs. As a result, many production houses of brass and copper only produce crafts by order, while others even closed.

Bank Rakyat Indonesia (BRI) in Solo, as part of a BUMN, has a social responsibility to contribute to community empowerment through the BRILian Corporate Social Responsibility (CSR) program to encourage economic recovery during the pandemic. The program was carried out through a three-month selection process to determine the most appropriate village to receive assistance, resulting in

brass and copper MSMEs in Tumang, Cepogo, Boyolali as the winner [2]. The implementation of the CSR program in Indonesia is expressly regulated in the Law of the Republic of Indonesia, No. 25 of 2007 concerning investment and Law No. 40 of 2007 concerning Limited Liability Companies [3].

Morsing (2006) stated that CSR communication is designed and distributed by companies regarding CSR activities to gain a positive reputation from consumers, built through the CSR program [4]. CSR communication benefits are as a liaison between a company and stakeholders and maintain company transparency and accountability. Excellent CSR communication must be trustworthy, informative, educational, and avoid excessive emotions [4]. Companies carrying out CSR programs consistently will create a sense of satisfaction from the hearts of consumers and receive a positive response and be able to strengthen the relationship between the companies and stakeholders. The significant contribution of companies in CSR programs will boost their reputation in the eyes of consumers and society.

Reputation is a collective representation of a company's past actions and results that illustrate its ability to deliver valuable results for many stakeholders. Reputation measures a company's relative position both among employees and externally with stakeholders, both in a competitive and institutional environment [5]. The company's reputation is highly dependent on the stakeholders' perceptions of its CSR. According to Melo & Galan, a company's competitive advantage can be strengthened through CSR activities [6]. Moreover, Park, Lee, & Kim argued that ethical CSR practices could create and encourage customer confidence that the company adheres to high ethical standards and cares for the welfare of society [7], which in turn has a positive impact on consumer assessment of the company's reputation. CSR can build a close relationship and communication with the community [8].

Based on the above background, this research aims to explore the perceptions of the community receiving the BRILian CSR program from BRI on the CSR implementation strategy and its benefits for the community in building a corporate image during the COVID-19 pandemic. The results of this study are expected to provide input to the organizing company in developing CSR programs.

## II. METHOD

This study utilized a qualitative approach. Qualitative data analysis requires researchers to carry out activities simultaneously with data collection. Data interpretation and research report writing must be performed simultaneously [9]. The research object was the brass and copper MSME craftsmen regarding the implementation of the BRILian CSR program of BRI Solo during the COVID-19 pandemic. The research was conducted in Tumang, Cepogo, Boyolali, Surakarta. Primary data were collected through an interview and observation, while secondary data were obtained through documentation, literature reviews, and articles concerning the implementation of CSR programs and communication.

## III. RESULT AND DISCUSSION

CSR is a form of social responsibility to society and the actual contribution of BRI Solo to MSMEs during this COVID-19 pandemic through economic empowerment programs. The BRILian CSR program has adjusted the needs and forged positive relationships with related stakeholders.

“The BRILian Village program is a form of assistance and economic empowerment for rural communities in accelerating rural economic recovery and encouraging economic growth. Villages are encouraged to be responsive to change, resilient in facing various difficulties and challenges and remain innovative in times of pandemic” (Executive Vice President of the Social Entrepreneurship and Incubation Division of BRI).

The positive reputation of BRI Solo has been built as it cares about and contributes to solving MSME problems, especially during the pandemic through economic empowerment programs [10]. It is consistent with Unerman’s statement that CSR has the power to influence stakeholders’ perceptions, thereby contributing to maximizing the company’s reputation [11] and obtaining a solid relationship between the company and society [8]

“The CSR program is still very much needed, and the BRILian program directs craftsmen to be more creative and initiates digital villages” (Mansyur, a brass MSME craftsman of Dafi Studio).

Furthermore, Mawardi, as the Head of Tumang Village, conveyed the importance of collaborating between the university as an academic institution with a role to study the phenomenon, then the government, and companies with an obligation to jointly empower and advance the community. It is in accordance with the concept of CSR, which is a series of activities to focus on group welfare and the environment [12].

## IV. CONCLUSION

The CSR program of BRI can be a means to foster good relations between BUMN institutions and the community through economic assistance and empowerment to encourage economic growth in the community. In addition, the CSR program also provides benefits for BRI in the form of closeness to the public regarding positive perceptions of the implementation of the BRILian CSR program. The results of this study depict the effectiveness of the use of CSR funds in shaping the positive reputation of BUMN companies in the eyes of the community and as a means of communication and building relationships with their customers.

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