

# Mandatory CSR Policy in the Era of Covid-19 Pandemic

## A Case: Indonesia, Malaysia and Nepal

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### ABSTRACT

The COVID-19 pandemic has had a major impact on the well-being of people and countries around the world, with major implications for public health, society, safety and the economy. It has posed challenges to firms and organizations with regard to their Corporate Social Responsibility (CSR). The debate that whether companies should maximize the shareholder value or stakeholder's welfare has been revived with the current result of COVID-19 pandemic as to the necessity of the CSR. Now, discussion is further focused on philanthropic or mandatory CSR. Purpose of the paper is to review the CSR Policy and legal framework of Indonesia, Malaysia, and Nepal for addressing pandemic like covid-19. The result shows that for effectively functioning of the CSR activities a mandatory CSR policies and law with built-in guiding and governing mechanism will be necessary for keeping the system work. Company's collaboration with the government and society will also be equally necessary.

**Keywords:** *Corporate Social Responsibility; Covid-19 Pandemic; CSR Law and Policy Responses*

### 1. INTRODUCTION

The outbreak of a novel coronavirus pneumonia, known as COVID-19, started in Wuhan, China, and spread rapidly and widely around the globe. The COVID-19 pandemic has had a major impact on the well-being of people and countries around the world, with major implications for public health, society, safety and the economy. As per WHO statistics (globally, as of 10:21 am CET, November 16, 2020), the virus had spread to 54,075,995 confirmed cases with 1,313,919 death tolls and hundreds of millions of suspected instances around the world [1]. The short-term impact of Covid-19 is immediately and effortlessly felt, due to the widespread lockdown and social distancing measures globally. It is also assumed that this pandemic will have long-lasting profound economic, social, political, and cultural impacts.

Covid-19 poses challenges to firms and organizations with regard to Corporate Social Responsibility (CSR). Inevitably this crisis has put companies under test for its commitment to ethical business conduct and CSR. The people who were already vulnerable (physically or economically) face even more risks and uncertainties to their health, income, shelter, and other well-being. The first urgency is now the health and safety of human beings and to support the vulnerable people to be survived in society in every way possible. With the COVID-19 virus sweeping the world and disrupting lives, livelihoods, and communities, and putting enormous strain on public health as a whole, "corporate social responsibility" must now play its part. Stakeholder theory has also been actively applied in the theory and practice of "corporate social responsibility" [2]

CSR is as form of corporate self-regulation integrated into business model. Corporate social responsibility

(CSR) is all about companies managing their business process to produce the overall positive impact on the society. CSR is connected with corporate behaving ethically, morally and socially responsible towards the society. CSR makes a significant contribution towards sustainability and competitiveness of the organization.

Thus, CSR refers to the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the(a) workforce and their families as well as of the local community and society at large. It is a form of corporate(b) regulation integrated into a business model. CSR policy helps a business by:

- developing a built-in, self-regulating mechanism whereby business would monitor and ensure its support to law, ethical standards, and international norms;
- embracing responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere;
- promoting the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality; and
- honoring of a triple bottom line, ie., people, planet, profit.

But, the debate since the 1970s is that whether companies should maximize the shareholder value or stakeholder's welfare [3]. The current result of COVID-19 pandemic has revived the issue, which necessitated the corporate sectors to reconsider their future business strategies for sustainable development of businesses considering their CSR.

The current pandemic has presented an opportunity for the corporate sector and the policy makers to analyze the effectiveness of current mandatory CSR approaches in dealing with the pandemic situation. The current CSR approaches, which is basically focused on accountability mechanisms are whether appropriate or not, addressing such pandemic has been the center of discussion. Addressing the current crisis would demand partnership between the companies, government and societies for long-term value creation, emphasizing on environmental, economic, and social strategy for reducing the spread of the virus and mitigating its economic and social risks and impact, ultimately address the inequalities in society, systematically [4].

The legal significance of CSR will likely continue to increase with the growing threats of climate change, biodiversity crises, and social inequality around the world. COVID-19 has brought unprecedented challenges for corporations as they attempt to manage negative impacts and mitigate future risks for their stakeholders and wider society. There has been very few research approaching this significant topic through the lens of corporate law, which may be used to redefine the focus of CSR in the era of the pandemic. This gap, which is created by the unique nature

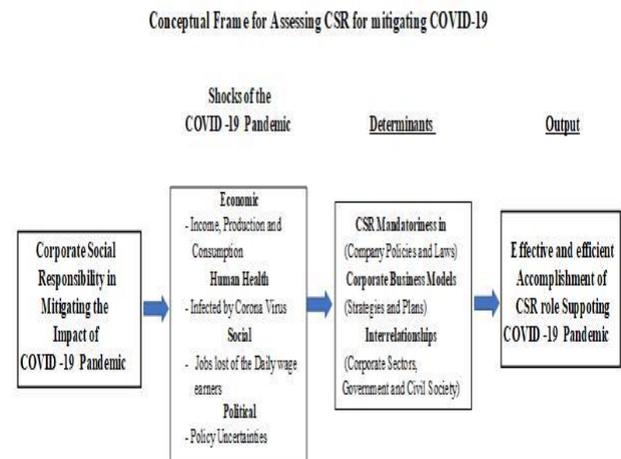
of CSR challenges and the complexity of sustainability issues affecting a wide range of stakeholders, needs to be filled through legal approaches. In this backdrop, this paper is an attempt to search the answer to the following questions:

How can companies support society during a deadly crisis period like the COVID-19 pandemic disaster? and What actions should be taken in the CSR laws to: protecting employees, caring customers, and assisting communities beyond philanthropic initiatives of the companies?

The general objective of this paper is to investigate the rationale for and the focus mandatory CSR in the era of Post COVID -19. The specific objectives are as follows:

- to review the current situation; shocks and policy responses to tackle the COVID-19 in Indonesian, Malaysia, and Nepal;
- to review the CSR policy and other corporate legal framework for addressing pandemic covid-19; and
- to contribute the CSR laws to direct how the law can prevent harms to the society beyond philanthropic initiative.

**2. MATERIALS AND METHODS**



**Figure 1** Conceptual Frame of the Paper

It is assumed that the mandatory provisions in the CSR Law would drive the corporate sector in investigating the contextual vulnerabilities for mitigating the shocks of COVID-19 — the economic, human health, social, and political. The rationale and functions of mandatory CSR and corporate laws along with business approaches and partnership should be examined through the review to

introduce the improvement for responding to the current and crisis. It is assumed that such improvement would provide effectiveness and efficiency in accomplishing the CSR role at the time of crises.

The method adopted in this paper is the theoretical review of contextual pandemic situation, policy responses, the mandatory CSR policy and other corporate legal framework of Nepal, Indonesian and Malaysia to identify the improvement the legal framework and corporate strategies for providing effectiveness and efficiency in accomplishment of CSR role in crises. Thus, this paper is a descriptive and explanatory based on fact finding investigation.

### 3. RESULTS AND DISCUSSION

#### 3.1. Review of shocks and aftermath of COVID-19

A pandemic as defined a Dictionary of Epidemiology, 2001 is “an epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people”. The World Health Organization declared COVID-19 as the pandemic due to high levels of spread and severity resulting from the virus. Apart from China, European countries were becoming major hotspots for the transmission of the virus all over the world. It quickly became a major public health crisis and countries had to quickly respond to protect lives and minimize the impact. Governments all over the world responded with the enforcement of lockdown that forced the citizens of the infected area to remain inside their home. Western countries brought forward the plan of direct transfer and social insurance payment to ease the hardship faced by workers. However, disruption of the flow of income limited the economic activities in all areas affected by the pandemic. Lockdown of the economy limited the workers from work and consumers from consumption which hampered the economic activities.

The governments of developing economies with high levels of poverty lacked the fiscal strength to support prolonged lockdown leading poor families to crisis. It is quite evident that lockdown was not economically feasible which has unleashed economic hardship and policy uncertainty experienced not only at the household levels but also at the national levels. The following table 1. shows COVID-19 human casualties.

For small tables, please place it within a column and bigger table be placed in a text frame spanning to both columns. Use the Table facility available within the MSWord. The font in the row header should be bold and you can use the style available from the style palette.

Table 1: COVID - 19 Human Casualties  
(As of 29 July 2021)

| <b>Description</b>        | <b>Indonesia</b> | <b>Malaysia</b> | <b>Nepal</b> |
|---------------------------|------------------|-----------------|--------------|
| Total                     | 276.5            | 32.7            | 30           |
| Population of the Country | million          | million         | million      |
| Infected                  | 3,239,936        | 1,078,646       | 682,947      |
| Recovered                 | 2,596,820        | 890,742         | 645,301      |
| Death                     | 86,835           | 8,725           | 9,738        |

Source: Ministry of Health

The review of the shocks and aftermath of COVID-19 observed in the social challenges presented by the pandemic, in order to shed light on the CSR legislative approaches that are most suitable to tackle these challenges. Followings are some of the country-wise findings.

#### 3.1.1. Policy Responses to Tackle COVID-19 - Indonesia

To respond to the shock of the COVID -19 pandemic, the government implemented emergency fiscal packages equivalent to 3.8% of GDP (actual spending) in 2020 and to 4.2% of GDP (tentative; data as of March 18, 2021) in 2021, to deal with the health impact, provide relief to households and firms, and support the vaccine roll-out, and the recovery. The World Bank is supporting the Indonesia’s COVID-19 emergency response, including enhancing social assistance and health care systems, while also strengthening the resilience of the financial sector.

The World Bank supports the government’s Family Hope Program or Program Keluarga Harapan (PKH), which strives to end the cycle of poverty among the poorest. In addition to cash benefits to incentivize beneficiary families in utilizing maternal and children related health and nutrition services and sending their children to schools, the program also provides family development sessions and learning materials to beneficiary mothers so that they can gain a better understanding of health and nutrition, good parenting practices, child protection, and financial management.

A study shows that the cumulative impact of PKH can reduce stunting by around 9 percentage points, which means that the probability of children aged 0 to 60 months being stunted declines by 23%. On the education outcomes, PKH is able to solve the last-mile enrollment problem for children aged 7-15, by eliminating more than half of nonenrolment. Since 2017, the government has expanded the program significantly in both coverage and benefit levels; and in 2020, the program reached 10 million poor and vulnerable families. Most recently, the Bank supported the government’s COVID-19 response to poor households through US\$98 million

under Additional Financing for Indonesia's Social Assistance Reform Program for top-up of cash transfers to existing PKH beneficiaries under a new temporary emergency scheme.

Schools and universities, as well as government and private businesses, will be closed, except for those providing essential services, according to Muhyiddin. Foreigners will not be permitted entry, and citizens will not be permitted exit. In the month of Ramadan, the Ministry of Health issued a COVID-19 guideline, urging people to follow the Movement Control Order (MCO) and refrain from visiting distant relatives and friends. This includes avoiding cross-state and district travel as well as attending large events. For the following six months to a year, all large gatherings may be forbidden. Food bazaars will not be permitted during Ramadan as long as the MCO remains in effect, which has been extended until May 12, 2020. All Friday prayers, congregations, and lecture activities at mosques and suraus had to be postponed. Businesses can apply to the International Trade and Industry Ministry for permission to operate during the MCO. If allowed, they'd have to adhere to tight operating guidelines.

### *3.1.2. Policy Responses to Tackle COVID-19 - Malaysia*

Prime Minister Malaysia, Muhyiddin Yassin launched a 150 billion Malaysian ringgit which equivalent to \$36.2 billion as aid and stimulus package as the country battles one of Asia's deadliest COVID-19 outbreaks. Malaysia has been dealing with a terrible coronavirus outbreak for the past few months, putting it in the unpleasant position of having the greatest number of per population illnesses in Southeast Asia.

The Malaysian leader said the National People's Well-Being and Economic Recovery Package (Pemulihan) was designed to relieve financial burden on poor households and companies while also bolstering the country's vaccination efforts during a televised national address. Cash handouts for 11 million households, elder people, and individuals who have lost their employment owing to the crisis are included in the crammed Pemulihan package. In addition to tax cuts, grants, a six-month loan moratorium, and other business-supporting measures, an additional 3.8 billion Malaysian ringgit equivalent to \$916 million will be spent for wage subsidies.

Most crucially, Muhyiddin stated that the government will spend extra 1 billion ringgit which equivalent to \$241 million to expand its immunization program, including 400 million Malaysian ringgit equivalent to \$96 million to purchase additional vaccines. In addition, Muhyiddin claims that this amount will cover 130 percent of the country's 33 million residents.

### *3.1.3. Policy Responses to Tackle COVID-19 - Nepal*

Although there was just one case found in Nepal until then, the government took strict measures of suspending visa-on-arrival service for the residents of badly affected countries by COVID-19 in order to avoid any sort of contamination in Nepal. The visa-on-arrival services from China, South Korea, Japan, Italy and Iran were suspended on 1<sup>st</sup> March, 2020 and subsequently on other countries with time and rapid spread of coronavirus. All the international flights were suspended from 20<sup>th</sup> March, 2020 onwards. The government postponed all the classes and examinations from secondary education to university level as a precaution measure to control the spread of the virus. The Ministry of Health stated that it would provide free PCR testing to the patients and free treatment for the affected ones. In order to mitigate the spread of COVID-19, the number of health workers were increased by the government. The impact of the corona virus was largely visible in travel and tourism, trade and health sectors. A majority of the service sectors completely stopped functioning due to the lockdown imposed by the Government of Nepal.

The finance minister presented the budget of Rs. 1474.64 billion for the FY 2020/21 focusing on the health sector of the country. The budget was presented by the government to meet the challenges of coronavirus and economic downturn caused by the virus. Out of this figure, 90.69 billion Nepalese rupees was allocated to the health ministry to cope with the threat of coronavirus which was 68 billion Nepalese rupees in FY 2019/20. The government allocated 6 billion Nepalese rupees for the procurement of COVID-19 treatment equipment. Whereas, 12.47 billion Nepalese rupees and 14.27 billion rupees were allocated for health infrastructures and establishment of new hospitals respectively.

The monetary policy for 2020/21 was formulated in order to boost the economic growth of Nepal which had slowed down due to the COVID-19. The monetary policy has focused on the expansion of the health sector and smooth functioning of various economic activities such as industry, tourism and agriculture for the recovery of the economy. Since the health sector was the top priority for any economy to tackle the virus, the monetary policy introduced "Priority Sector Lending" for the health sector and extended credit to health sectors for the treatment of COVID-19. The restructuring and rescheduling of loans for health, education, manufacturing, tourism and all other sectors were introduced. The major policy responses include credit expansion and liquidity increment through a reduction in Cash Reserve Ratio and Repo Rates, reduction in interest rates, and extension of the moratorium period.

### *3.2. Review of Mandatory CSR: A Brief Review*

The justification of mandatory CSR rests on the inadequacy of voluntary compliance and the urgency of addressing social and environmental challenges. The

pandemic has further exposed the decreasing efficiency of traditional mechanisms of national or transnational governance in protecting vulnerable parties from corporate externalities [6]. Mandatory CSR will facilitate the transformation of CSR norms from a narrow philanthropic responsibility-centered CSR to a more sustainability-motivated and strategy-driven one. If protecting stakeholder interests through business judgements becomes mandatory before stakeholders' rights and interests are harmed, it will be more likely that companies will make well-informed decisions and develop their business activities in a prepared, manageable, and purposeful environment. Thus, this paper examines the Mandatory CSR policies and Laws. Country-wise brief description is given in following sections.

### *3.2.1. Mandatory CSR Law - Indonesia*

Indonesia has been practicing Corporate Social Responsibility (CSR) on a voluntary basis since the Limited Company Liability Act Number 1/1995 come into force on 7 March 1995. The enactment of Limited Company Liability Act No 40/2007, there were two types of CSR implementation in Indonesia which is voluntary and mandatory. Voluntary one has been implemented by non-natural resources-based companies and mandatory was implemented by natural resources-based companies.

#### *CSR Standardization in Indonesia*

In general Indonesia does not have a mandatory CSR manual, even though mandatory CSR has been enshrined into national law system since 2007. As a result, voluntary standards have been released by numbers of international and national organizations. The article 74 of Limited Company Liability Act No. 40/2007 is the legal basis for mandatory CSR implementation in Indonesia. Even with so many years of executing regulation and Limited Company Liability Act No 40/2007, it is still incomplete towards the implementation of mandatory CSR legal provision. Based on this provision the company as a legal subject has an obligation to fulfill its social and environmental responsibility.

#### **Mandatory CSR Legal Norms**

The notion of mandatory CSR has been enshrined into the Company Liability Act, but, it has not been enacted even after 5 years of its enactment due to unavailability of the further elaborating regulations. Mandatory CSR legal norm is a new emerging policy in dealing with CSR issue.

### *3.2.2. Mandatory CSR Law – Malaysia*

The government's adoption of the Government-Linked Company (GLC) Transformation Program 2005/06 is one endeavour to encourage CSR reporting among its government-linked firms (GLCs). The Silver Book, which is part of the GLC Transformation Manual, emphasises CSR problems as part of the GLC

Transformation Program 2005/06. It's debatable if the Silver Book's debut represents excellent prospects for government-linked corporations to reveal their CSR, and whether there are any other elements that will inspire GLCs in Malaysia to publish their CSR.

The Malaysian stock exchange, Bursa Malaysia, has made it essential for all publicly traded firms to include CSR information in their annual reports. Disclosing social and environmental accounting methods would improve a company's brand image, as well as its prospects of obtaining government contracts, as it would be perceived as socially responsible. CSR improves financial performance, brand image, and the able to attract and retain the best employees, all of which contribute to the company's market value (Said, Hj Zainuddin, & Haron, 2009).

Despite increased requirements on PLCs to be socially and environmentally responsible, the government emphasises that its controlled firms, GLCs, actively participate in social and environmental responsibility (Abd Rahman et al., 2011). The government's execution of the GLC Transformation Program 2005/06 is one endeavour to encourage GLCs to provide CSR information. The Silver Book, one of the initiatives included in the GLC Transformation Manual under the GLC Transformation Program 2005/06 (Esa & Mohd Ghazali, 2012), emphasises CSR issues, and Khazanah Nasional Berhad, a key Government-Linked Investment Companies (GLIC), was tasked with monitoring Malaysian GLCs' CSR implementation (Ching & Wad, 2009).

### *3.2.3. Mandatory CSR Law - Nepal*

The overall CSR penetration in Nepal is quite low with many corporations not familiar with its broad concept. Majority of the CSR activities in Nepal are socially driven projects that help to empower marginalized communities. CSR is made mandatory for industries, banks and financial institutions (BFIs), as governed by Industrial Enterprise Act (IEA) and Nepal Rastra Bank's circulars respectively. Besides, there hasn't been any mandatory CSR law for insurance corporations and other non-industrial sectors. The aforementioned laws for industries and BFIs are as follows:

#### **3.3. CSR law for industries:**

According to Industrial Enterprise Act (IEA) 2016, Chapter 9, Section 48(1), the mandatory CSR requirement is applicable only to certain industries on the basis of fixed capital investment and annual turnover, explained in the table below:

Table 2. CSR Requirement for Industries

| Industry Type         | Fixed Capital Investment         | Annual Turnover Requirement   | CSR Fund to be allocated     |
|-----------------------|----------------------------------|---|------------------------------|
| Small Scale Industry  | Less than NPR 100,000,000        | Greater than NPR 150,000,000  | At least 1% of annual profit |
| Medium Scale Industry | NPR 100,000,000- NPR 250,000,000 | No minimum turnover requirement (i.e., all medium scale and large-scale industries should allocate fund for CSR activities) |                              |
| Large Scale Industry  | Greater than NPR 250,000,000     |   |                              |

Source: Industrial Enterprise Act (IEA) 2016, Nepal

The annual plans for CSR projects of these industries don't require prior approval from the government authorities. Their CSR fund is to be utilized as prescribed in their annual plans and policies. According to this Act, the industries will be penalized at the rate of 0.75% of the annual revenue for failure to comply with the CSR obligation.

### 3.4. Mandatory CSR Policies and CSR Initiatives

Although mandatory CSR policy has already been introduced in some countries. Most CSR policies still rest at a voluntary level. Mandatory CSR policies could function only if based on the built-in guiding and governing mechanism of establishing a shared framework to identify, quantify, manage, and monitor sustainability risks. Most of the countries has not been able to provide such legal framework. Voluntary practice of CSR is encouraged if the CSR laws have adopted only a mandatory percentage of corporate profits as CSR contribution with a focus on diverting annual profits to CSR activities in line with the nature of business judgement rules. And in the era of the pandemic, companies tend to focus their CSR initiatives based comparative advantages which is higher than then the cost of the activities especially in the case of activities promoting public health or mitigating extreme vulnerability. Mandatory CSR policies seeks formulating of business model in advance for promoting the sustainable development of companies, that CSR initiatives today will create long-term value and define future legacies. Table below provides quantitative numbers of corporate sectors in Indonesia, Malaysia and Nepal.

Table 3: Quantitative Numbers of Corporate Sectors

| Sectors             | Firm Category                | Number of Corporate Sectors |          |       |
|---------------------|------------------------------|-----------------------------|----------|-------|
|                     |                              | Indonesia                   | Malaysia | Nepal |
| Banking Sectors     | Commercial Banks             | 107                         | 27       | 27    |
|                     | Development/Rural Banks      | 1497                        | 17       | 18    |
|                     | Financial Companies          | 232                         | 54       | 87    |
|                     | Sub-total Banking            | 1836                        | 98       | 132   |
| Non-Banking Sectors | Insurance Companies          | 149                         | 61       | 40    |
|                     | Manufacturing and Processing | 31,340                      | 43,996   | 13005 |
|                     | Hydropower                   | -                           | 51       | 93    |
|                     | Hotels                       | 3516                        | 4826     | 1289  |
|                     | Trading                      | 132114                      | 1104     | 35240 |
|                     | Other                        | 3099                        | -        | 1867  |
|                     | Sub-total of non-banking     | 170218                      | 56,565   | 51534 |
|                     | Grand Total                  | 172054                      | 56,663   | 51666 |

Source: Indonesian Financial Service Authority and Badan Pusat Statistics Indonesia; Central Bank of Malaysia, Companies Commission of Malaysia and Department of Statistics Malaysia; and Central Bureau of Statistics, Nepal

#### 3.4.1. CSR Initiatives - Indonesia

In the last ten years various Indonesian governing bodies such as governments, financial regulators and several sectors made initiatives to improve CSR practices. Following are some examples:

##### PT Unilever Indonesia

Unilever Indonesia applies 4 important rules of CSR:

- Developing the growth of micro, small and medium business (UMKM);
- Good Sanitation Program;
- Management of post consumption plastic waste through campaign and the circular economic as well; and
- Educate and had more concern in nutrition strengthening

### **Bank Negara Indonesia (state owned corporation)**

BNI's CSR is focused on four areas: the environment; occupational, health and safety issues; community; and products and customers.

Kampoeng BNI (a major program that works in the villager environment and has focused on developing business and costumers service)

BNI provides such as Loans for people who wants grow their business nicely; and changing informal, un-bankable SMEs into bankable SMEs with the easiest mode

### **PT. Pertamina (National Energy Company)**

Pertamina conducts CSR in four areas:

- environment, employment (primarily occupational health and safety)
- social and community development
- customers' interests and well-being; and
- Pertamina made a foundation works in social and community development, it has seven types of donations and also one of the biggest foundations In Indonesia.

#### *3.4.2. CSR Initiatives - Malaysia*

The five CSR actions listed below could be a key to a brighter future for not only Malaysia, but the entire world. There is still much work remains to be done and commitment to be made, but as long as CSR being keep in mind, we can look forward to a brighter future for ourselves and following generations.

### **Sime Darby Berhad**

In 1910, the company started off as a modest British firm operating 500 acres of rubber. Sime Darby has a global presence in industrial equipment, plantation, energy, motors, and real estate, with operations in over 25 countries. Yayasan Sime Darby, the company's subsidiary, has been established. The latter is in charge of the firm's sustainability efforts, which complement the company's conviction in personal and economic progress. Sime Darby created a distinction for itself as the first company to have an internal Child Protection Policy. This aided in addressing children's well-being, protection, and safety.

### **Axiata Group Berhad**

Axiata is Asia's telecommunications behemoth, with 290 million subscribers spread across ten countries. They made an outstanding RM19.9 billion in 2015 with key brands like as 'XL' in Indonesia, 'Dialog' in Sri Lanka, and 'Celcom' in Malaysia, not to mention the 'dotco' which runs in six countries. The global corporation continues to assist the Kampung Tanpa Wayar (KTW) and Pusat Internet Malaysia IT CSR projects. They came

in third place in the Edge Billion Ringgit Club Corporate Awards 2014 for CSR initiatives, thanks to their CSR initiatives.

### **CIMB Group Holdings Berhad**

CIMB has over 1080 branches around the world, making it one of Asia Pacific's largest investment banks. Their services include corporate banking, consumer banking, and strategic investments in a variety of countries, with Malaysia, Thailand, and Indonesia as their primary focus. The CIMB Foundation, one of the group's CSR subsidiaries, is the industry's leading CSR advocate. They have invested around RM76 million in community development. As a result of the gift, they were named first in the CSR best initiatives category in The Edge Billion Ringgit Club Corporate Awards in 2013.

#### *3.4.3. CSR Initiatives - Nepal*

Following are some of the CSR initiatives of some companies in Nepal

### **Nepal Telecom**

- Free mobile call service amounting Nepalese rupee 1.46 billion immediately after the disaster;
- Sends bulk SMS to Bagmati River Clean-up Campaign

### **Standard Charter Bank, Nepal**

- Funded US\$ 1million for Tilganga Institute of Ophthalmology (TIO); and
- Bank has helped to restore the eyesight of over 7000 Nepalese

### **Chaudhary Group of Industries (CGs)**

- Post Disaster Response and Management;
- Heritage and Spiritual Development; and
- Health and Sanitation

To summarize, following are the some of the findings of this paper.

- i) Health and economy are the worst-hit sectors by COVID-19, though this pandemic has crippled every aspect of our daily lives;
- ii) Governments have introduced restrictions and preventive actions with immediate impacts on both domestic and international economies;
- iii) Mandatory CSR policies and law requires built-in guiding and governing mechanism to keep the system work, to create justice, as well as to reach sustainable development. Else, CSR will be considered as philanthropic function;
- iv) The main goal of business player is to create profits; mandatory CSR needs to remind companies that it shall also contribute to the people's welfare to increase their quality of life and to create sustainable development, and
- v) Effectiveness of mandatory CSR dealing with the pandemic will requires government involvement and public private partnerships.

#### 4. CONCLUSION

Corporate social responsibility is not a panacea for world's problem. But the capable companies can make a difference in life of the people especially at the time of pandemics. The pandemic has encouraged companies and policy makers to consider ways to develop a more enabling institutional environment, not only to tackle the ongoing crisis but also to prepare for similar future tests. Corporate sectors by nature are profit earning entities. Philanthropic CSR activities are also directed by analyzing comparative advantages

and acts only if the benefits are higher than the cost of the activities even in the case of activities promoting public health or mitigating extreme vulnerability. There is ongoing discussion on whether the CSR policies and Laws should be Mandatory or voluntary. Only the Mandatory CSR as regulated by Company Act and Government Regulation can provide company space to contribute to the society without any particular guideline and control mechanism by the government.

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