



Research on Indonesian Manufacturing Companies in the Practice of Corporate Social Responsibility During the Covid-19 Pandemic Era

Kurnia Ekasari^(✉), Ari Kamayanti, Padma Adriana Sari,
and Elvyra Handayani Soedarso

Accounting Department, State Polytechnic of Malang, Malang, Indonesia
kurnia.ekasari@polinema.ac.id

Abstract. The prolonged COVID-19 pandemic has triggered academics and practitioners to examine the impact of this pandemic from various perspectives, including in the fields of accounting and social science. The study traces the corporate social responsibility of manufacturing companies listing in The Indonesian stock exchange during the pandemic covid 19. The research method uses Interpretive content analysis is to capture the subjective and emotional elements of the company under study. The results showed that the observed companies made some CSR strategies and models according to the company's financial capabilities during the pandemic.

Keywords: Corporate Social Responsibility · Covid 19 · Interpretive content analysis

1 Introduction

Every company must also pay attention to its social responsibility or Corporate Social Responsibility (CSR). The company operates in a social environment. Thus, assessing the success of the company's performance is not only from profit alone but also from its actions and social concerns. Companies that do not have social responsibility can be profitable in the short term but will be detrimental to the company itself in the long run. Therefore, corporate social responsibility has now become an essential issue in the business world.

Business covers the areas of moral principles and decision-making, issues of governance (good governance), and codes of ethics for business [1]. Ethics in business involves a necessary dislocation related to phenomenal experiences that arise when things are not in their place [1]. Thus, when identifying practices that reflect business ethics, it is necessary to define the area of morality and understand the definition of morality. Business actions are judged not be efficient or practical but by morally defensible [2].

Indonesia's manufacturing industry has been hit hard by the Covid-19 pandemic. The general director of Resilience, Territorial, and International Industrial Access of the

Ministry of Industry, Dody Widodo, said that in the second quarter of 2020, non-oil and gas processing performance experienced a very sharp contraction of minus 5.74% [3]. According to Widodo, during the pandemic, utilization data showed that the manufacturing sector experienced a contraction. Before the pandemic, the average utilization of the Indonesian manufacturing industry sector could reach around 76.29%, which dropped to 30.40% when Covid-19 began to plague Indonesia. Indonesia [3]. In February 2020, Indonesia's Purchasing Manager Index (PMI) was still the highest in ASEAN, reaching 51.9. However, it fell to 45.3 in March and further dropped to 27.5 in the month.

The decline contraction in the manufacturing sector was influenced primarily by the decline in domestic demand, which has been able to absorb up to 70% of the total production of the domestic manufacturing industry. When purchasing power decreases, industrial companies automatically make adjustments, including a decrease in utility. Currently, the Ministry of Industry has mapped several industrial sectors affected by the Covid-19 pandemic. The mapping results show three major groups, namely industries that suffer, moderate, and high demand. The Ministry of Industry is committed to finding the best solution to survive heavily affected industries [4].

Corporate Social Responsibility (CSR) is a company's effort to improve stakeholders' quality of life. Stakeholders include statements that protect social interests, especially for the establishment or construction of new companies. One of these regulations, as stated in Law no. 32 of 2009 concerning Environmental Protection and Management, Article 22 paragraph (1) Every business and/or activity that has an essential impact on the environment must have an environmental impact analysis. Based on these regulations, every company must have complete responsibility for its social environment.

During the current Covid-19 pandemic, many companies are struggling due to the economy not going as planned. Almost all companies experienced a decline in sales due to unstable economic conditions because there was no certainty when the pandemic would end. Almost all companies have difficulty maintaining cash flow and working capital due to prohibiting activities outside the home to avoid the spread of the covid 19 pandemic. This reason is interesting to study to explore whether these manufacturing companies are still committed to Corporate Social Responsibility or still concern the community and the surrounding environment. The term surrounding environment includes consumers, suppliers, employees, creditors, community, society, etc. So that corporate social responsibility is part of business ethics.

The relationship between ethics and CSR is ethics is likened to the basis or soul of implementing a business unit, and CSR is its manifestation. Ethics talks about values, whether a company adheres to good or bad values. If it has good values in doing business, then the company will carry out CSR. Ethics is more attached to individuals who practice ethics, while CSR is a policy of the company. So it becomes interesting to study whether the company is still committed to social problems during a pandemic like this. This research is to answer the question how is the social responsibility of manufacturing companies in Indonesia during the pandemic? The study only analyzes the social responsibility of manufacturing companies in the consumer goods sector in Indonesia during the 2020 pandemic. The reason for this limitation is because consumer goods are goods needed by society and industry.

2 Research Methods

The focus of research in this study is the social commitment of manufacturing companies in Indonesia, expressed in the Annual Report and Sustainability during the pandemic (in 2020). The objects of this research are (1) Annual Report of manufacturing companies in 2020; (2) Sustainability Report for manufacturing companies in 2020. Researchers took data from the annual report and sustainability report 2020 from each company's website on the official GRI website (database.globalreporting.org/search). The instrument used in this study is the GRI guidelines. Researchers use the GRI guidelines to be a guide when analyzing a company's sustainability report. In the GRI, there are many indicators and items that the company should disclose. The company is reporting the sustainability report is following the indicators set by the GRI guidelines.

The data analysis method used in this research is descriptive data with interpretive content analysis, also known as content study. Guba and Lincoln [5] define content analysis as a research technique for the objective, systematic, and qualitative descriptive purposes for communication manifestations. The steps taken by the researcher to analyze the data are as follows: (1) Finding and analyzing the company's sustainability reports compiled based on the GRI guidelines for several manufacturing companies, on the official website of the GRI database (www.database.globalreporting.org/search); (2) Confirm the content of the company's sustainability report with the GRI guidelines, mark 1 for indicators that a company reported the GRI item in sustainability reporting, and mark 0 for indicators that companies have not reported; (3) Studying and analyzing the results of observations as well as the strategies carried out by the company; (4) Conducting an interpretive content analysis of indicators on general standards and specific standards reported by the company. The indicators reported by the company are following the GRI guidelines; (5) Formulating a research model with an interpretive content analysis method for social responsibility commitment.

3 Research Results

There are several reasons why companies present a separate Sustainability Report from the Annual Report. The Sustainability Report is a communication tool for management and stakeholders to convey that the company has implemented sustainable development. Seek legitimacy from stakeholders. Almost all companies observed are committed to corporate social responsibility, especially during the pandemic. The social commitment is related to efforts to improve employees' welfare, health, safety, the community, and the environment. So CSR is essential concerning companies or business organizations because, indeed, every company must be responsible for the environment or society through various activities whose aim is to develop the environment and improve people's lives to the development process.

Sustainable development is crucial because sustainable development aims to improve the quality of life of people around the world, both from present and future generations, without exploiting the use of natural resources that exceed the capacity and carrying capacity of the earth. Even though the business world is facing the impact of the COVID-19 outbreak, these companies are still passionate about helping each other, united in

upholding human values to ease the burden on the government and society. Assistance for the prevention and control of the COVID-19 corona outbreak is in the form of thousands of sets of personal protective equipment (PPE) and respiratory aids (ventilator) urgently needed by medical personnel. In addition, many companies donate several necessities, such as hand sanitizer, hand wash, disinfectant liquid, detergent, shampoo, and staple foods. These companies realize that the nation's condition being. The hit of a pandemic does need assistance, especially health workers and income workers who are directly affected. In addition to medical equipment, some companies provide package assistance for household products, including blankets, sheets, towels, and trolleys, to support the activities of medical personnel. Several companies have also distributed hygiene kits to address some of the needs caused by the COVID-19 corona pandemic. Through CSR assistance from companies during the COVID-19 pandemic, the burden on the community and the government is slightly reduced even though it does not entirely solve the problem. Speed and accuracy of handling are the keys to combating the COVID-19 pandemic. According to him, this encourages synergy to be carried out, namely through fundraising to provide medical equipment assistance.

Companies can increase their creditability and reputation for assisting the pandemic. The concept of Sustainability Business is a concept that shows the success of a company to be able to exist and have strong competitiveness. Resistant to shocks that affect its performance.

They increased the added value of products and services to improve health and safety and preserve the environment. In supporting economic growth and increasing the competitiveness of the national economy, it is necessary to prepare standardization of health and services. It could protect people's rights. Standardization of products and services is one of the tools to encourage the achievement of competitive advantage through increasing industrial efficiency and productivity. This standardization will further protect producers and consumers from ensuring that the products, processes, and systems used to meet the standardization requirements of health standards.

They are creating a new culture for companies that care more about the health of employees, consumers, and society. Invites the public to play an active role in breaking the chain of the spread of the COVID-19 outbreak by maintaining distance, maintaining cleanliness by diligently washing hands or using hand sanitizers when traveling, and taking a shower after traveling home, as recommended by the government. With this CSR, the hope is that all elements of society can work together to fight so that Indonesia will soon be free from the coronavirus.

4 Conclusions and Suggestions

4.1 Conclusion

All parties have a role, and close cooperation between institutions is crucial to overcoming COVID-19. As a company that produces various products that are close to people's daily lives. Fighting this pandemic cannot rely on the Task Force, but the moral movement of all parties to remind each other and move together. Harmony itself is the duty of the task force and the responsibility of the community.

4.2 Suggestion

In running the company, the company should not consider economic aspects and aspects of health and social dynamics in the community. They are inviting the entire community and components of the nation to unite, work hand in hand, and fight against Covid-19.

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