

# The Involvement of Firms in Helping Fight the Pandemic of COVID-19: Evidence from Indonesia

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## ABSTRACT

The purpose of this study is to demonstrate the magnitude of firms socially involved in helping fight the pandemic of COVID-19. This study highlights 680 go public firms in Indonesia. The content analysis is used to find the information of firms' social involvement. The result point of this study demonstrates that from 680 go public firms listed during the pandemic, there are only seven and one-half percent of companies involved in combating the coronavirus outbreak. Firms provide the donation including funds, free internet services, nutrition products, masks, and medical supplies. They have recognized their social involvement as the form of corporate social responsibility.

**Keywords:** COVID-19, Firms, Social Responsibility

## 1. Introduction

The pandemic of COVID-19 has caused major concerns in the national economy. The most of countries are suffering from the tension. The lockdown policy may be the best way to halt the spread of COVID-19, but in Indonesia, it does not impose the lockdown policy. There are growing concerns regarding the economic consequences as people are required to stay at home to decrease the spread of the COVID-19. The current way to combat the spread from March to April 2020 is reducing the mobility of interaction through social distancing and applying the policy of work from home. Those policies may have the impact on the business area.

The firm is an organization basically pursuing the economic value as a bottom line. It provides goods and service required by the public. Various basic needs lead the creation of corporation with different bussines background. Along with the times, the firm is encouraged to pay attention the social and environmental values. The increase of gain caused by the social and environmental effects leads the firm to perform the triple bottom lines. Firms might perform those to ensure that their behaviour is perceived to be legitimate (Aerts & Cormier, 2009). The media has a significant role in legitimizing them. The communication of social values performed by firms through the disclosure is a behaviour to convey the message to the public. It is not only about economic performance, but social and

environmental performances should also be demonstrated to people. Related to the coronavirus disease, Boot *et al.* (2020) demonstrate that during the coronavirus outbreak, the corporate sector has been massively impacted. Supply interruption has been limited to the business sector and anxiety among management and workers bears on the firm revenues.

The current data of April 5<sup>th</sup> 2020 obtained from covid19.go.id have reported 2.273 infected people with infection rates to continue rising every day in Indonesia. All stakeholders in Indonesia are called to join to help fight the pandemic. Government should allocate the budget and its people should apply the social distance. In order to fight against the pandemic maximally, companies should be coming up with the initiatives of their own contributions what they can give to their country. One of signals to know that firms engage with the pandemic is the communication of a CSR fit through the disclosure.

Since Indonesian government decided to work from home and decline the outdoor activities during the outbreak, all sectors have felt the tension. In the corporate sector, firms attempt to provide their energy for combating the pandemic and it is time for the scholars to provide their

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works. Thus, a content analysis is the best approach used to analyze firm's involvement.

This study indeed wants to capture the attention and concern coming from the corporate sector. Recording the magnitude of firms' involvement to combat the coronavirus is the purpose of this study. The finding of this study provides three contributions. First, we may provide initial response in the research area on the emerging pandemic of COVID-19 documenting that firms perform social responsibility and the media is the communication of the CSR. Second, this study documents that a congruence between the social issue at hand and firms' involvement is a CSR fit. Third, this study is addressed to pursue the use of disclosure both self-reported release and media news exposure as a means of constructing a quantitative scale utilized through a content analysis. The rest of this study is structured into the research method describing the data, result and discussion conveying the finding of this study, and conclusion containing a brief summary and suggestion for future study.

## 2. Research Method

An representative measurement of the involvement of firms on the pandemic must be based on a method of data collection. Using content analysis, the study collects a data set covering the period of the pandemic of coronavirus from March 2<sup>nd</sup> to April 7<sup>th</sup> 2020 and the enterprises listed as go public firms in Indonesia Stock Exchange consisting of 680 firms. The disclosure of self-reported release and media news exposure is a source of data in this study. Gathering data consisting of coding qualitative information is a technique of content analysis. The researches related to the involvement of firms using the disclosure of annual report and social media have been used by scholars (Abbot, 1979; Neu *et al.*, 1998; Aerts & Cormier, 2009; Tang, 2012; Yekini & Jallow, 2012; Zaman, 2018; Gomez-Carrasco *et al.*, 2020; Fatma *et al.*, 2020; Hassan & Lahyani, 2020).

The data analysis is made into three steps. The first step is identification. The activity exposes are searched by visiting the websites of each firm and viewing the web pages and utilizing the use of the tool of Google machine to get information of the media exposure. The firm enables to communicate its CSR initiatives through various communication channels to deliver the messages. Company names followed by the word of the Corona and COVID-19 are used as keywords to search. We should actually be careful to understand the content. The way to measure the disclosure is to look at the number of articles in the context of the pandemic of COVID-19. Second, we do classification. We review the actions of firms in the midst of the pandemic of COVID-19. It is a form of the involvement revealedly. This signals the true meaning and the importance of communicating

the message to the public that firms have simply been involved in feeling the atmosphere of the pandemic. The last step is measurement. Firms having the voices disclosed in media are given the score of 1 and no voices are given 0. The quality of the content of disclosure is taken into account so as to be able to distinguish which one of the firms to involve in combating the tension of the pandemic so that we do interpret the meaning of the text. A set of explicit information should be obtained to take the average number of firms involved and find the kinds of the involvement and the answer why they should be involved in the midst of the coronavirus outbreak.

## 3. Result and Discussion

The result of this study is presented into two discussions. First is the types of firm's involvement in helping fight the pandemic of COVID-19 and second is how to communicate its role in the form of CSR.

### 3.1 Types of Firm's Involvement in Helping Fight the Pandemic of COVID-19

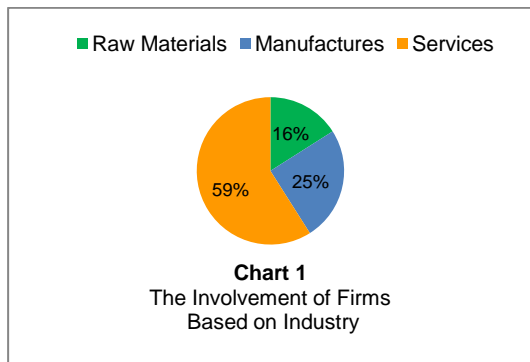
CSR is the most important core for large business organizations to achieve the objective of social performance (Moore & Spence, 2006). Firms engage the media in conveying their involvement in the atmosphere of the COVID-19. We identify 680 firms listed in Indonesia Stock Exchange. After we obtain 51 go public firms (7.5% of the total sample firms) involved revealedly in the midst of the pandemic of COVID-19 (Panel A in Table 1), samples are then classified into the each sector consisting of raw materials industry, manufacturing industry, and services industry. After classifying based on the industry sector, we do the measurement to count the amount of firms according to the industry. These are primary, secondary, tertiary industries. Primary industries are called as raw materials industries, secondary industries involve manufacturing, and tertiary industries provide service business. Panel B (Table 1) points out that raw material industries having sub sector of agriculture and mining are 8 firms, manufacturing industries consisting of basic industry and chemical, miscellaneous, and consumer goods industry are 13 firms, and service industries with 4 sub sectors are 30 firms.

We further analyze the content of information to find out the types of firms' involvement during the pandemic. We demonstrate those as follows.

- a. Donating funds of million of Rupiah
- b. Providing medical supplies and vehicles
- c. Distributing, nutrition products, face masks, and sanitizer
- d. Supplying food
- e. Conducting disinfectant fluids for cleaning the public places
- f. Giving self protection assistance tools
- g. Providing free access internet
- h. Building the evacuating place for treating the infected victims

Table 1. The Involvement of Firms

Panel A. Identification of Firms			
Go Public Firms		680	100%
Non Involvement		629	92.5%
Involvement		51	7.5%
Panel B. Classification of Firms			
Raw	Agriculture	2	8
Materials	Mining	6	
Manufactures	basic industry & chemicals	6	13
	miscellaneous Industry	3	
	consumer goods industry	4	
Services	property, real state, and building construction	6	30
	Infrastructure, Utilities, and Transportation	5	
	Finance	10	
	trade, service, investment	9	



Service industries has the highest sector in all industries of 59 percent from 51 firms involved in helping the country (Chart 1). They are dominated by finance sector of 10 firms (Table 1). The most of firms join to donate the millions of rupiah to help fight the pandemic. In the manufacturing sector particularly basic industry and chemical and consumer goods industry, firms also do the support through the campaign against coronavirus to the public by inviting for cleaning hand, using the mask and social distance, providing nutrition and medical supplies to the medical workers, distributing the face masks as well as sanitizers. Some of them also provide disinfectant fluids for cleaning the public places and distributing food to poor people.

**3.2 Communicating CSR in the midst of the Coronavirus Outbreak**

Companies can improve their legitimacy by communicating CSR. We agree with Birth & Illia (2008) revealing that the company can actually gain from a more focused selection of the social issues to be communicated. From what they communicate, we can get the meaning and do interpret the statement contextually. The most of firms involved in helping people, both victims and medical workers, are not so explicit to communicate their activities, but we find some of them do straight forward. For instance Fajar Surya Wisesa, a leading packaging paper manufacturer. In the midst of the pandemic, it is time for Fajar Surya Wisesa to realize the budget

of CSR program as reported in Kabarsebelas (2020) as follows.

“In the midst of the pandemic of corona diseases, Fajar Surya Wisesa distributes the aid of basic needs to the orphanages in Bekasi. This aid is one of forms of corporate social responsibility and concern. We hope that it can help people in the orphanage particularly in the midst of the pandemic of COVID-19 and as said by Kurniawan as Head of CSR program that this activity is annually program of CSR”.

Firms taking part in combating the pandemic are recognized as a form of social responsibility. During the coronavirus period, CSR needs to be implemented because it is regarded as a part of annually program. It underlines that the CSR has been a liability for companies to act like the social institution. This interprets that CSR has been on the elaboration of framework of the tenet of social contract. Lako (2011) states that CSR under social contract theory links the nexus between firm and society. Firm serves as a part of society there. Furthermore, we emphasize that CSR in the social problem at hand makes all parties have same position in the accomplishment. The objective of CSR in the midst of the coronavirus has been addressed to victims of the disease, hospital workers, and public. The increase of cases every hour encourages firms to be involved. It is actually not hard for the companies because their involvement have been regarded as the realization from the form of accountability. Tempo Scan Group, one of a private national business, has published the news of the donation with title of Realization of CSR Donation for COVID-19 by Tempo Scan Group to BNPB. The meaning of the news has been able to be interpreted that its involvement is the implementation of the program of CSR. In its content (temposcangroup.com), Tempo Scan Group recognizes that the CSR in the midst of the pandemic is an implementation of business core values as said Handojo S. Muljadi (president director) as follows.

“...All donations given are an implementation of Tempo Scan’s core values of “ Responsibility and Usefulness ” for the country and the nation of Indonesia.”

We know that all actions in the context of business need to be reported. The national regulation leads the firm to document its activities in order to be a form of transparency. It must be disclosed into annual report. It is a way to communicate CSR program to stakeholders particularly to the public and government. Tempo Scan Group understands that CSR requires the disclosure as stated that,

..... realization shall be conducted transparently and well documented as a form of accountability.

The meaning of the statement sounds clear. Accountability is an effort of legitimacy with enhancing the transparency to the public (Gray et al., 1987) because it is integrated with performances (Rayyani & Abbas 2019). Accountability is conceived of as relating to the rights to information of society (Gray et al., 1997). Regulation has encouraged the corporate sector to be responsible through transparency. By implementing CSR in the midst of the pandemic of diseases, firms have made the decision of a CSR fit in legitimizing their business. They build the social contract with the public and legitimize the business in the front of government through the media. It can be linked with what Suchman (1995) states that legitimacy relates to the generalized perception or assumption that the actions of a firm are desirable, proper, or appropriate with some socially constructed system of values. By communicating of CSR, it underlines the importance of accountability in the corporate activities by disclosing information in accordance with the social issue, and maintaining a stance of openness internally and externally. Firms should actually have social responsibility suitable for the perception desirable by society (Donaldson & Dunfee, 1994; Dusuki, 2008) so that firms could adapt the implementation of CSR following the actual desires from society. As a result, firms decision to help fight the coronavirus can be assessed as the realization of CSR program. In this case, 51 firms have showed their concern in the midst of the pandemic of COVID-19. The fast involvement during the pandemic is a truly social responsibility.

#### 4. Conclusion

During the pandemic of COVID-19, social and economic activities are going down. Some areas have been massively impacted. We all know that the government needs the aid from all parties so as to halt the pandemic faster. One of them is the company feeling the chaos so that its energy definitely needs to be utilized. In this study, we highlight the aid coming from corporate area in the midst of the coronavirus outbreak. We find that the coronavirus has not been massively impacted to the willingness of firms to do synergy. Based on data, the corporate area in Indonesia only provides the synergy about seven and one-half percent of 680 firms. They involved in helping fight the coronavirus are assessed as the form of social responsibility and their goals have been addressed to victims of the disease and medical workers. In the midst of the coronavirus, we find that firms have same roles in the CSR program by providing the donation including funds and appropriate supplies.

People are only able to know the corporate social activities when the disclosure is run. The essence of reporting of CSR in the business area is a communication to deliver the messages of the social program. By taking it, people can understand that CSR communication is a part of transparency linked with accountability. In this

study, the magnitude of firm taking part in combating the pandemic has been found poor. We need more firms involved in combating the pandemic. The result of this study is an inducement to encourage corporate area to commit social responsibility. It is the suggestion imposed in this study to the corporation. Once, we do not judge that a lot of companies in Indonesia can not take part of helping the society, but we record 51 firms in this study indicating that they have taken part more quickly in the midst of the outbreak. We mark the beginning period of the pandemic about one month to identify social involvement of firms. Who knows firms' involvement will increase because the coronavirus outbreak is not over, so that future study needs to be conducted. Furthermore, the use of content analysis for obtaining the result in the terms of this study can be reutilized, but we expect more if the nexus between firms' involvement and performance in the midst of the coronavirus outbreak is analyzed. The final implication of this study is also provided into the body of knowledge. This study tackles the concept of CSR that the tenet of social contract and legitimacy is suitable for elaborating the concept of CSR during the pandemic.

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