Corporate Social Responsibility and Community Empowerment Program for MSMEs and Informal Sectors Affected by the COVID-19 Pandemic

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Abstract

COVID-19 virus has had a considerable impact on social and cultural problems that exist in society, especially those related to economic problems. Since the emergence of this pandemic, many companies and corporations have finally granted employment termination, this has also been done by companies to support government policies in the form of Large-Scale Social Restrictions (PSBB) to reduce the spread of the virus. Another problem of concern is that poverty and unemployment could increase quite drastically. Because companies and corporations alone are not only one or two in Indonesia. From the above background, the purpose of this study is to find out the impact of COVID-19 on the country’s economy, as well as to find out programs for community empowerment as a solution to overcoming poverty and unemployment that occur after the pandemic. The method that researchers used in writing this article was a qualitative approach, supported by the thick description method. In addition, with literature study which will be used as a supporting method to find valid data. The results of the study found that the government is less empowering the informal sector and also these Micro, Small and Medium Enterprises (MSMEs). In fact, jobs in the informal sector and Micro, Small and Medium Enterprises or MSMEs can be an alternative medium to reduce poverty and unemployment. Through CSR programs from existing companies, it is hoped that the community can be empowered as well as the informal sector and MSMEs. When corporations or companies carry out empowerment activities for the informal sector and also MSMEs, it is possible that the problems of poverty and unemployment that have occurred due to the COVID-19 pandemic can be reduced and overcome.

I. Introduction

Entering the beginning of the 2020 quarter, the world was shocked by a disease which until now has become a worldwide pandemic. It is Coronavirus Disease or what we usually call COVID-19. The disease that eventually became a pandemic, until this journal article was written, there was still no answer or cure to cure or prevent patients from the disease. In a fairly short time, COVID-19 can become a disease that makes almost all countries in the world experience chaos.

COVID-19 itself was originally thought to be present and endemic in China, to be precise in Wuhan. However, it is still uncertain and the origin is from there. The initial assumption of the existence of COVID-19 was that it originated from bats, where
as we know itself Wuhan has a wild animal market to trade wild animals for consumption by the public (Lau et al., 2005). The spread can be said to be very fast, moreover this disease will be very easy to just stick and carry out its duties in humans. At first, when news related to COVID-19 circulated, the virus which was assumed to have originated in China immediately spread to all corners of the world, such as Italy, the United States, Japan, Korea, and others. Moreover, this virus spreads very quickly from human to human, even with the touch of a hand.

Because of these dangers, many countries have finally enacted several policies for their citizens not to have social interactions with other people. In many countries, one of which is enforced is lockdown. What is meant by lockdown here is the closure of an area, especially the state, which aims to prevent the people of a country from having direct or physical contact with people from other countries. Also, this policy also limits the meeting between individuals in a country, coupled with policies related to health protocols that make each individual use a mask as a form of preventing the transmission of COVID-19. In Indonesia itself, we know it as Large-Scale Social Restrictions (PSBB) which have been implemented in several regions, especially big cities in Indonesia.

This has had many impacts and consequences for society. Especially, related to economic problems in the country. When this pandemic began to be echoed in Indonesia, coupled with the large-scale social restrictions that were carried out in several big cities in Indonesia, many people were affected by layoffs or layoffs from their jobs or companies. This has made many people unemployed or underemployed due to layoffs, and in the end this can cause new problems in Indonesia due to this pandemic. This problem is poverty, especially in big cities (Juaningsih, 2020).

The problem of poverty has indeed become a very frightening specter for all countries in the world. Moreover, Indonesia itself still has quite high levels of poverty and unemployment even before the arrival of this pandemic. When this situation continues for the next few months or even the next few years, it is possible that Indonesia will again experience a more severe economic crisis than in 1997 or 2008 (Saptowaloyo, 2020). Therefore, Indonesia itself inevitably has to do something so that the economic crisis does not happen again.

Sen (in Yandri & Juanda, 2018) states that poverty is a condition in which individuals or groups experience lack of food, nutrition, illiteracy, no civil liberties and democratic rights, and also most importantly related to conditions economy which is below average. This is the same as according to Soekanto (1982: 60), where he stated that poverty is a condition in which individuals are unable to care for and care for themselves according to the standard of living of a group that they belong to in that group, as well as individuals. It cannot use its mental and physical energy as a form of development for the group. Of course, this poverty is a very big problem, especially when poverty occurs in large cities which causes many people to become unemployed because they cannot follow the existing work standards.

Indeed, the government itself already has several answers and solutions to the problems of poverty in Indonesia. One of them is the Pre-employment Card program, which allows individuals who are looking for work, fresh graduates, or all groups to easily get certification to launch their job registration later. Especially when a pandemic like this occurs, those who lose their jobs are prioritized. But unfortunately, this program is deemed ineffective because there are several systems in it that still need to be addressed. And even people who already have jobs can still register (Consuello, 2020).

The economic recovery due to Civid has also been carried out by several researchers including Singh, Gupta, and Agarwal (2020), they analyzed the steps that must be taken by the Indian government to re-engineer the economy and ensure general welfare simultaneously. Therefore, his research focuses on the implications of lock down on the Indian economy, the various challenges faced by the Indian government in making the country function again. The study also suggests steps to empower the economy to revive an economy that promotes the well-being and safety of the population. Likewise with Nicola et al (2020) who also saw the socio-economic effects of COVID-19 on the individual aspects of the world economy.

Other research also conducted by Spurk and Straub (2020), does not focus on economic recovery, they focus on work patterns, for example he looks at how individual jobs and careers in flexible working relationships can be affected by the COVID-19 pandemic. It then outlines ideas for how to examine the effects of the COVID-19 pandemic period on the jobs and careers of these individuals, and explains how the pandemic can contribute to the branching of flexible working relationships.

For this reason, based on the problems that have been written in the background, this study focuses on how to empower the community through the informal sector and MSMEs by using Corporate Social Responsibility ?. This study also aims to determine the impact of COVID-19 on the country’s economy, as well as to find out community empowerment programs as a solution to overcoming poverty and unemployment that occur after the pandemic.
II. METHOD

The method that researchers used in writing this article was a qualitative approach, supported by the thick description method. Geertz (in Ponterotto, 2006) states that thick description is a method in which the writer or researcher later uses personal observation from the author’s point of view to write down the results of his research. In addition, with literature study which will be used as a supporting method to find valid data.

III. RESULTS AND DISCUSSION

The problem of the Coronavirus Disease pandemic or known as COVID-19 is indeed a problem that occurs in almost all countries in the world. Of course, this pandemic problem has had several impacts and consequences that can be said to be quite detrimental to the majority of the countries affected by it, especially for social, cultural, and of course economic problems. Indonesia too, as a developing country, also feels the impact and the impact that is felt can be said to be very bitter to swallow because it is quite large.

When the COVID-19 pandemic began to circulate and became bigger in Indonesia, the government issued several policies related to limiting physical encounters between individuals in society. The title of Large-Scale Social Restrictions or commonly known as PSBB, means that individuals in Indonesia, especially in big cities, cannot leave the house as freely as before the pandemic. Also, because of the PSBB, many Indonesians had to lose their jobs. Either because he was hit by unilateral termination from the company, or because he could not do his job due to unfavorable conditions. Of course, this is done by the corporation or the company itself as a form of prevention of losses that can be obtained during this pandemic which is still not over. From this, it can be seen that if conditions are still like this until now or in the future, the poverty and unemployment rates in Indonesia will certainly increase quite drastically.

For this reason, the government should once again have a way to overcome the problems of poverty and unemployment, so that the level of poverty and unemployment itself does not increase over time and also Indonesia itself can have a low level of poverty and unemployment. Because when we have low levels of poverty and unemployment, we might be able to move up the caste to become a developed country. However, our poverty level from before the pandemic was already very high. Coupled with a pandemic like this, the level of poverty and unemployment could be even higher.

A. Alleviating People From Poverty

Poverty according to Soerjono Soekanto (1982: 60) is a condition in which individuals are unable to care for and maintain themselves according to the standard of living of a group that they belong to in the group, even these individuals cannot utilize their mental and physical energy, as a form of group development. Poverty here is included in the concept, because poverty is one of the impacts of the COVID-19 pandemic that occurred in Indonesia. Of course, poverty itself is a very frightening specter for countries in the world because poverty itself can mean that the country’s economy is less able to develop. Especially in urban areas, poverty itself is something that really must be eradicated because the problem of poverty can make an area especially urban areas less able to develop.

The government itself already has the intention and programs to improve poverty problems that exist, especially in urban areas. However, not everything went smoothly. Therefore, inevitably the government must also find new alternatives to fix the problems of poverty and unemployment that had existed since before this pandemic and were exacerbated during the pandemic.

In the cities themselves, there are actually several alternatives to reduce and improve the poverty and unemployment problems. There are two sectors of work, especially in urban areas, namely the informal sector and the formal sector. The informal sector itself is a work sector that does not require high abilities from workers, so it is flexible in relation to who registers. In contrast to the formal sector, which as we know, must have high abilities even up to certification to get this job (Rolis, 2013). The informal sector itself can be used as an alternative to reduce poverty and unemployment in urban areas.

Apart from the informal sector, there are also Micro, Small and Medium Enterprises which can also be an alternative for reducing and improving the problems of poverty and unemployment in urban areas especially. Micro, Small and Medium Enterprises or UMKM itself can be an alternative medium for reducing unemployment, which is by absorbing workers in the informal sector to become one (Gunawan, 2011). But unfortunately, the government seemed to be stuttering to empower these MSMEs themselves, which were present during the 1997-1998 economic crisis to help solve the economic crisis that occurred at that time. Whereas when examined again, the informal sector and MSMEs themselves can be empowered in such a way as to help reduce poverty and development problems.
Empowerment of the community itself, especially for the informal sector and Micro, Small and Medium Enterprises, is actually considered quite important. Especially to help improve the economy in an area, but also to maintain the socio-cultural resilience of the area (Andriyani et al., 2017). When the government is unable to empower the informal sector and MSMEs itself, other parties who are still under government regulations should also participate in carrying out this empowerment with the aim of reducing the problems of poverty and unemployment.

There are many alternative media that can be used to reduce this poverty level. Some of them are about jobs in the informal sector, as well as Micro, Small and Medium Enterprises. Work in the informal sector itself is work that has no specific specifications to do. Simply put, the informal sector is a job that can be entered and done by anyone without special skills. Meanwhile, Micro, Small and Medium Enterprises or MSMEs themselves, can be used as collections of workers in the informal sector to be more coordinated and to get maximum results from there.

In fact there are very many jobs that fall within the informal sector. In Surabaya itself as an urban area, we can see that there are many types of informal sector jobs. Online motorcycle taxis, pedicab drivers, hawkers, street vendors, newspaper sellers, and many more. Of course, those who work from the informal sector earn income from the businesses they do individually and independently, not tied to a company that provides them with a fixed income or salary. Then from the UMKM side, there are also many. Grocery store, sales of services such as laundry, and many more. It can be seen that in fact the informal sector and also MSMEs can be the right alternative choices for reducing poverty and also unemployment.

Even though it looks quite the same, the informal sector and MSMEs themselves have several classifications that make the difference between them. The first classification is related to a place to sell products, where MSMEs themselves are usually more towards settling in a permanent place. It can be in the form of a house or just a small building. It is different when compared to informal sector jobs, where most of the informal sector workers sell their products by moving from place to place. The level of mobility possessed by informal sector workers can be said to be quite high. As we know, hawkers, street vendors, and newspaper sellers work by moving from one place to another. Although, there are also informal sector workers who live in a place, commercial sex workers for example.

The second classification is related to the funds used as capital for the initial part of manufacturing and marketing the product. It is quite difficult for workers in the informal sector to get capital to market the products they make. Like it or not, they have to raise money first to start marketing their products. In contrast to MSMEs, which can get capital assistance from banks - or the government. Although there are still obstacles because the government pays less attention to these two jobs, roughly speaking, it will be easier for MSMEs to get capital from the government through banks, with the People’s Business Credit (KUR) program. The informal sector will find it difficult to get this capital, because the government will conduct a survey first for the businesses they are running, and the informal sector will find it difficult because they do not live in a place of residence.

From the second classification, it is sufficient to see that the government itself is still not paying attention to the informal sector and MSMEs themselves. It can be seen from how difficult it is to borrow capital issued by the government to the informal sector and also MSMEs, considering that they definitely have to produce first and need quite a lot of sources of funds from capital. It is different from large companies, in which some of them will find it very easy to get foreign and domestic capital through the capital market and board of directors, and also from the government.

As one of the important instruments in the country’s economy, especially to provide new employment opportunities for the community, informal sector jobs and MSMEs must be more empowered. As evidence, since the Indonesian economic crisis in 1997, it was the jobs of the informal sector and MSMEs that saved Indonesia from adversity (Supriyanto, 2006). The work of the informal sector and MSMEs itself has a strategic position in several sectors of the Indonesian economy. Of course, when compared to large-scale businesses. Even with the informal sector and also MSMEs, people are increasingly able to absorb flexible labor from all walks of life, as well as make use of the resources that are around them.

From this, it can be seen that indeed the informal sector and also MSMEs must be more developed and empowered. Of course, if the government was relied on in this matter, then Indonesia itself would not be able to progress quickly. Poverty and unemployment could increase in number over time if you rely on the government alone. So, like it or not, corporations and companies must cooperate with the government and help with the Corporate Social Responsibility or CSR programs that are being carried out.

B. Encouraging CSR Activities

Agencies such as corporations and companies can also provide community empowerment programs. Through article 74 of Law no. 40 of 2007
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Corporate Social Responsibility (CSR) or Community Empowerment Program aims to help the government to realize social welfare for the community, especially those affected by the COVID-19 pandemic. Community empowerment through CSR is felt to be one of the answers to the problems of poverty and unemployment in Indonesia, especially in urban areas.

Corporate Social Responsibility or CSR itself is a situation in which a corporation or company takes action that is driven in the social sector that is outside the main interests of a corporation or company (Mcwilliams et al., 2006). Of course this is very important for a corporation or company to carry out this activity, considering that this activity can help people around the location where the company conducts economic activities to be more prosperous, also to reduce poverty and unemployment in the area. Waddock & Graves (1997) stated that the better a corporation or company in the area is, the better the finances in that company will be.

Again, when the informal sector and also MSMEs can be empowered by existing corporations or companies through the CSR program, then the problems of poverty and unemployment that occur as a result of the COVID-19 pandemic can be reduced. This is what makes researchers want to write about this matter, because indeed the problem of poverty in cities itself is a very big problem for a country.

Corporate Social Responsibility or CSR itself is an activity carried out by companies to help the government improve social welfare for the Indonesian people. Of course, this CSR program must have several points that must be implemented later in order to be truly successful. According to Elkington, there are 3 important points:

1. Economy Prosperity à which means corporations or companies really have to remember again about the flow of the economy and the profits or losses they get for carrying out CSR activities.
2. Environmental Quality à which means that corporations or companies must return to nature, where they must pay attention to the environmental side of the location where they carry out their economic activities.
3. Social Justice à which means that corporations or companies must pay attention to the social justice they do in relation to their policies towards the communities around their economic activities.

From these three points, it will form a Triple Bottom Line which can be shortened to 3P: People, Planet which means that corporations or companies must pay attention to the environment in which they carry out economic activities, and also Profit, that is, they will not lose the profit or profit that is printed from their economic or industrial activities.

Corporate Social Responsibility or CSR itself is an activity that must be carried out by a corporation or company based on article 74 of Law Number 40 of 2007 concerning the Limited Liability Company Law. The activities carried out later are not the same as the direction carried out by the company, but these activities are carried out on a social basis for the community around the location of the corporation or company carrying out economic activities (Mcwilliams et al., 2006).

From these CSR activities, companies must really pay attention to several aspects that are carried out so that the CSR activities carried out are successful. According to Elkington, there are 3 main points entitled Triple Bottom Line in the successful implementation of this Corporate Social Responsibility or CSR activity. The first is economic prosperity which refers to economic activities and also the results of the business and wealth of a company, then there is environmental quality that is obtained from the quality of the environment around the location of economic activity, and the last is social justice which refers to justice for the community in close to the corporation or company, which of course refers to the welfare of the community. Later, these points can be converted into a term we know so far, which is 3P; People, Planet, and Profit (Hammer & Pivo, 2016).

CSR activities themselves are very diverse from the many corporations or companies in Indonesia. The programs they run also vary, such as natural disaster relief, educational assistance, job training, health, nature conservation, social and community assistance, and many other programs. These activities will be adjusted by the company later according to how the culture and wisdom in the community, at the location of the corporation or company, conducts economic activities. Also, it also depends on the conditions they have made for the natural and social environment of their location.

The informal sector as well as MSMEs must really be assisted by these corporations or companies as a form of reducing poverty and unemployment problems. Of course, as a form of community empowerment to improve social welfare. Moreover, with the condition of COVID-19 which does not allow direct physical contact, especially in a red zone like Surabaya, there must indeed be a new method in the implementation of community empowerment. Because one of the forms of CSR itself is community empowerment, it can be said that corporations or companies can teach people to carry out their economic activities in the informal sector or MSMEs.

This teaching can be in many ways. Especially in
product marketing problems. Production activities carried out by workers in the informal sector and also MSMEs certainly have several obstacles as a result of this COVID-19. Of course, there must be new teaching from the company regarding this production problem or related to marketing problems so that the informal sector and MSMEs can survive after being affected by COVID-19. For example, companies that have carried out several previous CSR activities related to community and regional development can try new things and methods in the future application of their CSR activity programs using the online method. This is done to follow health protocols, which have the essence of reducing the physical contact of every individual in the community. This online program can be exemplified by using video calls from WhatsApp, for example, Zoom, or even Google Meet. So, companies that carry out these activities can exercise control not having to come directly to the area.

Regarding production development, companies through their CSR program can provide capital assistance for informal sector workers and also MSMEs in their production activity areas as to be able to run production again. Of course, there will definitely be a return for the company when it finishes doing this. When corporations or companies carry out these activities of providing capital assistance, they indirectly provide assistance and support to the government in relation to poverty reduction and unemployment in Indonesia. Because once again, the government is still less responsive and still looks stuttered when looking at the empowerment and development of the informal sector and also MSMEs themselves.

Also, corporations and companies can also provide teaching and other assistance related to marketing. Of course this marketing can be in many ways. For example, when an area has an environmental area that has the prospect of being used as a public tourist spot, the corporation or company can provide education to the people there, especially related to regional development as well as marketing of the area to a wide audience. Because the impact of COVID-19 has made a lot of people and a lot of work can be done online, the program of activities can also be affixed with the online method in it. Marketing through Facebook, for example, where workers in the informal sector and MSMEs can be gathered together to be given education related to online marketing on Facebook, so that their region can benefit themselves and each person in the area can carry out economic activities without having to be burdened from poverty and unemployment again.

In addition, corporations or companies can also provide job retraining assistance, which is also following the trend of what is happening now. Again, because COVID-19 itself has made some jobs and activities completely online, it is inevitable that corporations or companies must be able to provide job training based on this online method. With the same goal, to reduce the level of poverty and unemployment, as well as for the welfare of society.

The corporation or company here can have an important role for the economic recovery of the community. Of course, with the CSR activities they carry out. Especially considering that the informal sector and MSMEs themselves have made Indonesia’s economy recover shortly after the economic crisis in 1997 and 2008, CSR programs from corporations and companies can be focused on informal sector jobs and also MSMEs to restore Indonesia’s own economic conditions. The recovery of Indonesia’s economic condition itself can later be seen from the reduction in the poverty rate, and also the reduction in the existing unemployment rate.

Even though the circumstances are very different, corporations or companies must still pay attention to the 3Ps; People, Planet, and Profit. Because, this is very important for the running of the CSR activity program. Corporations or companies must continue to provide and support the welfare of the community around them carrying out their economic activities, then corporations must also pay attention to their surrounding environment, and the last thing is that when carrying out this CSR activity program, the corporation or company does not forget the problem of profit or loss, that they can get from their CSR activities program. When they succeed in achieving this target, it can be said that their program of activities is also successful.

When corporations and companies do indeed carry out CSR activity programs with different conditions like this, then it could be that the purpose of carrying out these CSR activities is very different from the activities they have done before. The current goal is not just for welfare. But also to restore the existing economy in the surrounding areas where they operate. From there, they can help the community to be financially independent with the teachings provided and they can also benefit from implementing CSR activities in the area.

IV. Conclusion

Coronavirus Disease or commonly abbreviated as COVID-19 is a very big problem for all countries in the world. This huge problem is not only related to health problems, but also to social, cultural, and economic problems of the country and its people. Of course, this is very troubling and infects all countries in the world. It is not only social, cultural and economic problems in Indonesia that are affected, but also all countries in the world. However, Indonesia, which is still a developing
country, has also had a significant impact because of this COVID-19.

The problems that exist in Indonesia regarding the impact of COVID-19 are actually very complex. Starting from health problems where the level of COVID-19 sufferers is still quite high and no cure or vaccine has been found from this disease, then there are also social and cultural problems which are caused by the large-scale social restrictions or PSBB carried out by the government as a form prevention of the spread of COVID-19 itself, and also related to economic problems that occurred due to the impact of the PSBB, which made many people who initially had jobs or businesses experienced Termination of Work Rights or the business they were running did not benefit at all and even could have lost. From this, it can be seen that economic problems are a very big problem and can also create new problems, namely poverty and unemployment which are very high, coupled with poverty and unemployment before the COVID-19 pandemic.

Therefore, several alternatives are needed for solutions to economic problems in the form of poverty and unemployment. The alternative actually already exists, namely jobs in the informal sector which are very flexible and can be done by anyone, and also Small and Medium Micro Enterprises which can be used as a collection of workers who work in the informal sector. However, the government itself seems to pay less attention to the informal sector and MSMEs. Therefore, corporations and companies, through their CSR activity programs, should be able to help this economic problem by providing their CSR activities program to the informal sector and affected MSMEs so that they can return to their original state. Of course, this is done to reduce or even exhaust the level of poverty and unemployment in Indonesia, as a result of this COVID-19.

For this reason, existing corporations or companies pay more attention to the CSR activity programs they carry out to really improve the existing economy in society as a form of community welfare and help the Indonesian government itself to eradicate poverty and unemployment, which is becoming increasingly more after the existence COVID-19.

V. REFERENCES


