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# Corporate Social Responsibility Motives in Batik Enterprises During the COVID-19 Pandemic: An Exploratory Study

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**Abstract**

**Research aims:** The study aims to describe Corporate Social Responsibility (CSR) activities by Micro, Small, and Medium Enterprises (MSMEs) during the pandemic, ascertain the CSR motives, and analyze the relationship between these motives and the characteristics of social and green entrepreneurship.

**Design/Methodology/Approach:** This research was qualitative. Data were collected through Focus Group Discussions (FGD) with the Indonesian Batik Lovers Group (IBLG) Sekar Jagad and in-depth interviews with Batik entrepreneurs.

**Research findings:** Batik entrepreneurs can still survive with the help of IBLG Sekar Jagad, which continued to aid through collaboration with various government agencies. Batik entrepreneurs successfully survived by modifying the employee compensation model. Regarding the prevention of environmental pollution, they still use synthetic materials, but the use has been strictly controlled. In addition, their motive for continuing to carry out CSR activities is Batik preservation.

**Theoretical contribution/Originality:** This research provides an additional discussion on the motivation of MSMEs in CSR activities.

**Practitioner/Policy implication:** This research provides information for the government to increase the awareness of Batik business actors to carry out CSR activities voluntarily. This study result can be used to develop MSMEs mentoring models to support social and green entrepreneurship achievement.

**Research limitation/Implication:** The limitation of the study is that the study only involved three informants from the Batik enterprise actors, so the conclusions are only based on the interviews of these three informants.

**Keywords:** COVID-19 Pandemic; MSMEs; CSR Activities; Social and Green Entrepreneurship; Batik Entrepreneurs

## Introduction

The COVID-19 pandemic has severely hit the economy of the world and Indonesia. In addition to affecting large entrepreneurs, the COVID-19 pandemic also impacts Micro, Small, and Medium Enterprises (MSMEs) widely spread in Indonesia (Republika). To save MSMEs from adversity due to the COVID-19 pandemic, the government of Indonesia has issued various regulations. The government issued Government Regulation No. 23 of 2020 (PP 23/2020) regarding the Implementation of the National

Economic Recovery Program to Support State Financial Policies for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and/or to Face Dangerous Threats to National Economy and/or Financial System Stability and National Economic Rescue. One of these regulations stipulates that the government can carry out an economic recovery program through the allocation of state spending, one of which is by providing interest subsidies for groups of ultra-micros, micro, small, and medium enterprises affected by COVID-19 (Kemenkeu, 2020).

Moreover, for large companies, the CSR practice is mandatory and regulated through formal regulations. It is different with MSMEs. CSR practices in MSME are still voluntary and are largely determined by intrinsic factors, namely the characteristics of individuals who make decisions. Based on this consideration, the researchers think that the CSR practice for MSMEs business actors is interesting and important to explore. On the other side, efforts to disseminate the concepts of social and green entrepreneurship for MSMEs must be continuously carried out and supported to ensure sustainable development. In this regard, limited natural resources, increasing world population, and degradation of biodiversity are important reasons for ecology's concern. In addition, as the tendency to consume more products has caused environmental damage, many businesses are trying to raise awareness of the importance of controlled consumption of natural resources. Related to that, Keraf (1998) presented five principles of business ethics: autonomy, honesty, fairness, mutual benefit, and moral integrity. Aguilera et al. (2007) also identified three motives of CSR activities: (1) instrumental, (2) relational, and (3) moral consideration. For this reason, this study captures and further analyzes the CSR activities of MSMEs during the pandemic when they must focus on saving their business. In this case, CSR activities are one of the pillars of running an ethical business.

Although research on CSR motives in MSMEs has been carried out in several countries, research on this theme has never been found in Indonesia. The only research on CSR motivation in Indonesia has been conducted by Ramadhani et al. (2021) on 30 companies with the largest market capitalization values listed on the Indonesia Stock Exchange in 2019. They found that compliance with regulations is the biggest motivation for these companies to disclose social and environmental responsibilities. Some scholars also argue that MSMEs are uncertain about the business benefits of environmental improvement and hence only make these improvements if they reduce their business costs (Revell & Blackburn, 2007). In addition, efforts to promote environmental and social improvement have faced resistance and skepticism (Parker et al., 2009; Nejati et al., 2014). Additionally, some research studies showed that many small businesses considered the environment a "peripheral" rather than a core business issue (Peters & Turner, 2004; Redmond et al., 2008).

Furthermore, each MSME has unique characteristics according to its sector. To achieve a more focused scope, this study chose MSMEs in the Batik industry sector. This sector was chosen because Indonesian Batik was designated as an Intangible Cultural Heritage by UNESCO on 2 October 2009. In addition, specifically, UNESCO has recognized Yogyakarta as the center of world Batik based on seven criteria, one of which is a consistent effort to preserve the Batik industry. According to Mr. Bambang, an informant of the research,

Yogyakarta city is considered to have met this criterion because in this city lives the oldest Batik maker in the world, aged 132 years, who is still actively drawing Batik manually. In addition, efforts to preserve Batik are carried out consistently by continuously introducing and teaching Batik throughout Indonesia and the world. Another criterion used by UNESCO is the result of an assessment of the environmentally friendly process. Based on testing on Batik waste, UNESCO stated that the waste from the Batik-making process in Yogyakarta still meets the safe threshold so that it does not cause pollution to the environment. From the economic aspect, the Batik industry is also relevant to representing MSMEs in Yogyakarta, as seen from the significant number of Batik business units. Based on data from the Office of Industry and Trade, in 2019, the number of Batik MSMEs in Yogyakarta reached 1,195 business units employing around 5,771 workers. The production value of the Batik industrial sector in Yogyakarta reached more than 300 billion rupiahs (Ministry of Industry/Kemenperin, 2020)

Therefore, this study aims to explore the CSR activities of Batik enterprises in Yogyakarta and their motives. The results of this study are expected to provide an understanding of how Batik entrepreneurs participate in supporting social entrepreneurship and green entrepreneurship achievement during the COVID-19 pandemic. In this case, the impact of the COVID-19 pandemic has also been felt by Batik entrepreneurs. They claimed to have experienced a sharp decrease in sales volume. Bambang, as one of the informants, stated that the sales volume of Batik had declined 90%. Batik entrepreneurs in the areas of Pekanbaru and Solok, West Sumatra, also claimed to have experienced a decline in sales volume of 85% (Siregar, 2021; Oktria, 2020), and the batik entrepreneurs in Semarang claimed to have experienced a decline in sales of 75% (Kompas, 2021).

Further, this study result can then be used as a basis for developing MSMEs mentoring models to support social and green entrepreneurship achievement. Besides, the motive of MSMEs business actors to practice CSR is interesting and important. In contrast to CSR in large companies, which are mandatory and regulated through formal regulations, CSR practices in MSME are still voluntary and are largely determined by intrinsic factors, i.e., the characteristics of individuals who make decisions. Looser and Wehrmeyer (2016) found that the CSR implementation by SMEs in Switzerland was driven more by a commitment based on morals. Nejati and Amran (2009) also uncovered that CSR practices in Malaysian SMEs were influenced by intrinsic factors, including personal beliefs, values, and religion.

This research was qualitative with a phenomenological approach by observing the actions of the Indonesian Batik Lovers Group Sekar Jagad (IBLG Sekar Jagad) administrators, group members, and MSMEs in carrying out CSR activities. This study chose a qualitative method because it was driven by several previous studies, which stated that MSMEs carried out environmental practices through informal policies or silent CSR (Perrini et al., 2007; Russo & Tencati, 2009). In addition, CSR practices in small businesses are strongly influenced by various more contextual factors, such as the owner's personality, organizational capabilities and resources, and contextual factors (Lepoutre & Heene, 2006). Besides, qualitative methods are expected to explore actors' motivations through in-depth interviews so that researchers can uncover the emotional context of MSME actors, which

is difficult to reveal in quantitative studies. Moreover, qualitative studies are suitable for the batik industry because this business does offer not only physical specifications but also involves qualitative aspects, such as artistic taste and culture. Hence, the research aims to answer the following three questions. (1) What CSR activities are carried out by Batik entrepreneurs during the COVID-19 pandemic? (2) What is the motive of these Batik entrepreneurs to carry out CSR activities? (3) Can the motive be related to the characteristics of social entrepreneurship and green entrepreneurship?

## **Literature Review**

### **Corporate Social Responsibility (CSR)**

CSR is a broad concept whose form of activities depends on the company and its industry. Aside from being a corporate social activity that can benefit the community, CSR activities can also increase the company's business recognition. CSR activities can help forge stronger bonds between employees and the company, boost morale, and help employees and company owners or management feel more connected to the world and the community around them. Therefore, the CSR program can be one of the company's strategies for building a positive image of the company's existence in the community.

Fernando (2020) defines CSR as a self-regulated business model that helps companies become socially responsible—to themselves, their stakeholders, and the public. By practicing CSR, also called corporate citizenship, companies can realize their various impacts on society, including economic, social, and environmental. Kotler and Nance (2005) also define CSR as a corporate commitment to improving the welfare of the surrounding community through business practice policies and the contribution of corporate resources. In Indonesia, the definition of CSR is contained in the 2007 Company Law (in Article 1 point 3), stating that social and environmental responsibility is the company's commitment to take part in sustainable economic development to improve the quality of life and the environment for the company itself, the local community, and society in general.

Moreover, the increasing public awareness of environmentally friendly business practices and social awareness has given rise to green entrepreneurship. Green entrepreneurs are entrepreneurs who consciously seek to create business models that are economically profitable, environmentally conscious, and create social value (Cleanairlawncare, 2019). Thus, three dimensions can be used to identify whether entrepreneurs can be grouped into green entrepreneurs: the economic dimension (clean growth), social care, and environmental friendliness. The concept of a green entrepreneur is crucial for the sustainable economic development of a country. If every business is run using the green entrepreneur concept, this practice will make a significant contribution to eliminating unemployment, poverty, and environmental problems.

Therefore, the motive of MSMEs business actors to practice CSR is interesting and important to be explored. CSR practices in large companies have been regulated through

regulations, and these regulations must be implemented. In comparison, the practice of CSR in MSME is still voluntary and is largely determined by intrinsic factors, covering the characteristics of individuals who make decisions. Nejadi and Amran (2009) found that CSR practices in Malaysian SMEs were influenced by intrinsic factors: personal beliefs, values, and religion. Looser and Wehrmeyer (2016) also revealed that the CSR implementation by SMEs in Switzerland was driven more by a commitment based on morals rather than the goal of maximizing profit. They referred to the drivers of CSR activities as soft assets, such as partnership networks and values.

Aguilera et al. (2007) stated that three general motives drive CSR programs: (1) instrumental (self-interest driven), (2) maintaining relations with stakeholders (stakeholders' expectations/relational), and (3) moral consideration. Concerning instrumental motivation, companies are motivated to seek control because control can maximize outcomes that benefit the company. It means that CSR is carried out with a motive to have a positive impact on the company's financial performance. To maintain relations with stakeholders, the CSR program is also carried out to foster relationships with potential stakeholders, such as employees, customers, and suppliers. The ultimate goal of this motive is also to improve the company's financial performance. In addition, in terms of moral consideration motive, the CSR program is based on moral imperatives. It indicates that the company is morally aware that its operations, directly or indirectly, have interfered with the interests of the community, so it is obligated to pay attention to them. This motive is concerned with ethical standards.

### **Social Contract Theory**

During the COVID-19 pandemic, social and green entrepreneurs face various problems in their survival efforts. Apart from maintaining their business continuity, they must also pay attention to the interests of other stakeholders. They must think creatively and innovatively to take advantage of opportunities without compromising the interests of society. In this situation, moral awareness is vital to maintain their orientation as social and green entrepreneurs.

This study used social contract theory as a framework to explain the phenomena being investigated. However, because this is qualitative research, the theory involved may not only be limited to social contract theory but also cover other relevant theories. The social contract theory was first put forward by Jean Jacques Rousseau in 1762, who defined it as an individual's agreement to give up their natural liberty to create a general will to maintain social order and protect their rights (Sumiyana, 2019).

In this case, companies run their business by providing goods and services that individuals want or need. The individuals then interact with the companies in one or more roles: customers, employees, suppliers, investors, and others. Without these individuals, the company would not run. Thus, there is a reciprocal dependence between companies and individuals, which creates a moral responsibility for companies to help stakeholders, even in times of financial crisis, regardless of whether these actions are beneficial or detrimental (van der Vegt et al., 2015).

Therefore, CSR activities can be seen as an effort for companies to build social capital that will be useful for establishing social contracts with the community and other stakeholders. Thus, the social contract produces various potential motives for implementing CSR programs.

In addition, good company managers are those who can maintain the company's sustainability in the long term. To ensure this sustainability, it is not enough for managers to pay attention to economic aspects only; they should also pay attention to social and environmental aspects. Hence, companies that can synergize these three aspects will ensure the sustainability of the company, increase company value, improve legitimacy, and increase profitability (Lindawati & Puspita, 2015)

Moreover, the company has a causal relationship with the environment and society. Companies that care about the environment, such as managing waste properly, will positively impact the company, for example, ensuring the availability of water resources needed to ensure the company's survival. The company's concern with society will align the company's operations with the expectations of the community so that it will increase the company's legitimacy (Lesmana & Tarigan, 2014; Lindawati & Puspita, 2015). Manuel and Herron (2020) found that philanthropic CSR programs during the COVID-19 pandemic were largely motivated by utilitarianism and deontology in response to the needs of internal and external stakeholders. In this respect, the pandemic has had different impacts but is generally detrimental to lower-income individuals.

By understanding CSR practices and motives, early on, MSMEs facilitators can choose the right mentoring approach (model) for MSMEs to create independent MSMEs with social concerns and protect the environment. Unfortunately, no research in Indonesia currently raises the issue of the motivation of MSMEs to practice CSR. Previous research in several countries found that CSR activities in SMEs were more strongly driven by intrinsic motivation (Graafland & van de Ven, 2006; Grimstad et al., 2020). Longo et al. (2005) also revealed that SMEs did CSR because they were driven by moral or ethical considerations from owner-managers.

For this reason, this study seeks to explore the CSR types carried out by MSME, especially Batik business actors, and the underlying motivation. The researchers proposed a proposition or research question: whether MSMEs, especially Batik business actors, carry out CSR practices based on instrumental motives, relationships, and moral considerations?

## **Research Method**

A case study was chosen because the researchers would deeply explore programs, events, processes, and activities carried out by MSMEs during the COVID-19 pandemic. The object or variable being explored was the type of CSR activities and the motivation driving MSE business actors to carry out CSR activities during the COVID-19 pandemic. The study used a qualitative approach because the research was carried out on natural object conditions

to obtain in-depth data on the CSR activity practices carried out by MSMEs during the COVID-19 pandemic.

Data were collected through FGD and in-depth interviews. FGD (focus group discussion) with several MSMEs in Yogyakarta negatively and positively affected by the COVID-19 pandemic. The FGD was then conducted to get an overview of CSR activities during the pandemic. The MSMEs for in-depth interviews were selected based on certain characteristics (for example, those who gave interesting or distinctive statements about the CSR activities and their motives). Thus, the FGD revealed their motives for CSR activities and then grouped them. From each group, a representative was selected for in-depth interviews to capture the characteristics of the entrepreneur.

This study, therefore, interviewed three main informants through personal interviews or focus group discussions (FGD). The three informants were the management of the IBLG Sekar Jagad, the chairperson of Batik group Sekar Nitik, and the owner of the Batik company Nakula Sadewa. Table 1 shows the profiles of the three informants.

**Table 1** Informants' Profile

	IBLG "Sekar Jagad"	Chairperson of Batik Group Sekar Nitik	Owner of the Batik Company Nakula Sadewa
Name	Mr. Afif Syakur (3rd Chairperson)	Mrs. Aminah	Mr. Bambang
Address	Pandega Marta 37 A, Pogung, Yogyakarta, Indonesia (0274) 580 665	Kembangsono, Trimulyo, Bantul Yogyakarta	Iropaten Trihajo Sleman Yogyakarta
Date of Interview	18 June 2021	10 August 2021	11 August 2021
Duration of Interview	+/- three hours	+/- two hours	+/- three hours

Data were then analyzed with the following steps (Sugiyono) data reduction, data display, and drawing conclusions. First, data reduction was done by summarizing, choosing the key factors, focusing on the key factors, and then finding themes and patterns. Researchers tried to find the entrepreneurs' motives for CSR activities in this stage. Then, the data display was intended to organize and arrange the data in a pattern of relationships to make it easier to understand. In this stage, the researchers mapped the CSR activities and the entrepreneurs' motives in carrying out CSR activities. After mapping the CSR activities and motives, the researchers could draw conclusions about the characteristics of social and green entrepreneurs concerning CSR activities.

## **Result and Discussion**

### **Findings**

#### **Focus Group Discussion with IBLG Sekar Jagat**

Focus Group Discussions (FGDs) were conducted to confirm the results of document searches regarding activities carried out during the COVID-19 pandemic (2020-2021). The FGD was attended by the 3rd Chairperson of IBLG Sekar Jagat, Mr. Afif Syakur, and several other administrators. The FGD was held for about three hours, from 13.00 to 16.00. In the FGD, the respondents were very enthusiastic about explaining the vision and mission of IBLG Sekar Jagat and the activities carried out.

At the beginning of the discussion, Mr. Afif expressed his desire to cooperate with universities to achieve IBLG Sekar Jagat's vision, namely *"Excellent Indonesian Batik at the World Level"*. He said this vision would be achieved if all Indonesian people knew and loved Batik. As a national cultural heritage, Batik will be sustainable if the younger generation is willing to appreciate and introduce Batik to the whole world. Below is a transcript of some parts of Mr. Afif's statement:

"We actually need students, and we will be encouraging them, so it might be necessary to involve students from several batch years to help us. It would be great if this could be done. Thus, after you understand our work, you should send students to visit Sekar Jagat."

He further said:

"We need a written work like a book that tells various things about Batik. There are many brains, but to make it into a book, it takes young people... so, if we were allowed to tell stories about Batik, it could be written. However, it cannot be written if we do not have the opportunity to talk about Batik. We need it, maybe something like that."

In addition, IBLG Sekar Jagat membership consists of Batik observers who care about preserving Batik culture. Most of them were not Batik business owners. Their members came from various backgrounds, such as university professors and business actors. One of the administrators stated:

"I prefer to be called a Batik lover, not an expert."

IBLG Sekar Jagat also aided Batik MSMEs with large and small turnovers. They served all MSMEs and only asked for payment from those willing and able to pay the training fees. They also provided free training to MSMEs who could not afford to pay. Mr. Afif admitted:



“We serve MSMEs throughout Indonesia. If they are big businesses, we ask them to pay a premium; if they are small businesses, we ask them to pay as much as possible. Hence, it all depends on their abilities.”

IBLG Sekar Jagad has also cooperated with government offices, such as the Manpower Office so that the office's budget could fund the training. Usually, MSMEs who had been trained were then invited to attend exhibitions to promote their products. According to IBLG Sekar Jagad administrators, the products from MSMEs that received training at every exhibition were almost always sold out.

“Well, that is one of our efforts to encourage MSMEs in other regions. Thus, we come to give training, cooperate, and help them become popular. Then, we initiate the cheap Batik market. Hence, it was usually like that.”

Moreover, IBLG Sekar Jagad has collaborated with almost all agencies in Yogyakarta, such as the Tourism Office, Culture Office, Industry Office, Cultural Value Preservation Center, and the Women's Empowerment Office. During the COVID-19 pandemic, IBLG Sekar Jagad collaborated with the Indonesian Central Bank (BI). IBLG Sekar Jagad provided white cotton broadcloths for free to Batik craftspeople, and then they were asked to make Batik with the theme "COVID-19". The quality works were then selected and auctioned. It motivated the craftspeople to take part in the competition. If their work is appreciated and bought at a high price, it will help them save their business.

“The Batik market during the pandemic was very deserted, so many craftspeople were unemployed. Then, we gave them fare, wax, and canting. Now, because we are a non-profit organization, we asked other parties for funds, and thank God, they believed and were willing to provide funding. After that, we selected good products and auctioned them. We were collaborating with BI.”

In 2021, similar activities were also carried out. The training area was expanded not only on Java island but also to Bali and Kalimantan islands. In Yogyakarta, IBLG Sekar Jagad has its training center, i.e., Joglo Mlati. The trainees were given white cotton broadcloth, wax, and canting. They were also trained from the basics, from drawing Batik motifs to dyeing wax colors.

IBLG Sekar Jagad also conducted communication training for MSMEs to promote their products sold at reasonable prices. It held two training, especially for MSMEs, so that they could talk about their products. One administrator said:

"Thus, it is hoped that their products can be priced more expensively because they can tell stories that their products have special characteristics, for example, from Kulonprogo or Sleman."

One training conducted was in collaboration with the Center for the Preservation of Values and Culture entitled *“Distinguishing Jogja and Solo Batik, stamping and writing, printing and handwriting”*. IBLG Sekar Jagad had also conducted training for prisoners at

the Wirogunan Penitentiary, Yogyakarta. All these activities were carried out to continue introducing Batik to anyone so that they fell in love with Batik.

In addition, IBLG Sekar Jagad provided training in other areas outside Yogyakarta and even outside Java Island by developing the local Batik. The Batik model or pattern taught is not a Yogyakarta Batik model but a local Batik pattern in the area. They said they wanted to promote local culture so that Batik culture would become Indonesian. To fund its activities, IBLG Sekar Jagad asked each member for a fee of IDR20,000 per month.

#### **Focus Group Discussion with Batik Group “Sekar Nitik”.**

The Batik Group "Sekar Nitik" is located in Kembangsongo RT 03-Trimulyo, Jetis Sub-district, Bantul Regency, with approximately 20 Batik craftspeople. Sekar Nitik Batik is the oldest Batik in Yogyakarta. To collect data, the researchers interviewed the group leader, Mrs. Aminah. When the researchers asked about the impact of the COVID-19 pandemic, Mrs. Aminah said that the COVID-19 pandemic did not have much of an impact on her business because they still received orders for Batik from IBLG Sekar Jagad. According to Mrs. Aminah, IBLG Sekar Jagad usually ordered raw Batik, meaning that the Batik craftspeople in the “Sekar Nitik” Batik Group only did the painting (drawing the motifs only), and then IBLG Sekar Jagad would color the Batik themselves. Apart from receiving orders from IBLG Sekar Jagad, this group also produced its Batik. Thus, they stated that production had remained stable due to stable orders. One problem was the delivery delay, as sometimes group members needed to participate in activities IBLG Sekar Jagad, such as design competitions.

In addition, sales were usually done in bulk, the price determined and agreed upon in advance. Therefore, the craftspeople could already estimate how much profit they could get. Regarding funding, the craftspeople in the “Sekar Nitik” Batik Group also received a loan from BRI (Bank Rakyat Indonesia). With an average monthly income of one million rupiahs, they could still repay the loan and pay interest. When the researchers asked about the impact of Batik production activities on environmental pollution, Mrs. Aminah admitted that the impact was minimal. They managed the waste carefully by doing sedimentation and multiple filtering, and the remaining wax that could not be filtered (the amount was very small) could be safely burned.

#### **Focus Group Discussion with Batik Enterprise “Nakula Sadewa”**

***Batik Enterprise “Nakula Sadewa”*** is a Batik company located in Iropaten, Triharjo, Sleman, Yogyakarta and owned by Mr. Raden Bambang Sumardiyono (Mr. Bambang). This production house was established in 1997. Nakula Sadewa Batik is well known at home and abroad because of its various achievements. For this reason, Batik "Nakula Sadewa" continues to strive to preserve and maintain the quality of its products to retain customer satisfaction. In 2020, Batik "Nakula Sadewa" became the general champion and represented Indonesia in Japan.

In this study, data were obtained from Mr. Bambang through interviews for approximately 3.5 hours, starting from 09.30 to 13.00. It was revealed that Mr. Bambang is a very experienced entrepreneur because he has often traveled abroad and given training in various countries. One of the countries that often invited him to give training was Japan. Japan also entered a cooperation contract with the Batik Company "Nakula Sadewa" to manufacture Batik as a Kimono material. During his career, Mr. Bambang had the vision to introduce authentic Batik, namely applying hot wax to cloth using a canting (a pen-like instrument consisting of a small copper reservoir with a spout on a wooden handle).

“Not only painting using canting but also dipping into hot wax. Batik is only waxed as a color barrier. Without hot wax, it is not Batik.”

To introduce the Indonesian Batik, Mr. Bambang has traveled the world and held exhibitions in 26 countries. In addition, Mr. Bambang also helped create an international curriculum for Batik with the rector of IKD and the Bandung Institute of Technology. After two years, the curriculum was completed, and now, since 2015, Indonesian Batik has been recognized by UNESCO. Mr. Bambang further said that Yogyakarta had been recognized as the center of world Batik by UNESCO because it met seven criteria. One of them is the existence of the oldest batik painter, who is 132 years old and continues to paint Batik. Indonesian Batik was also designated as an Intangible Cultural Heritage by UNESCO on 2 October 2009, which was later commemorated as World Batik Day.

In addition, the process of making Batik shall not pollute the environment. UNESCO tested the waste generated from the batik process and found that the waste was safe. Another requirement is the willingness of Batik craftspeople to teach the Batik-making process throughout Indonesia and the world.

Currently, Mr. Bambang wants to promote the Indonesian Batik by using the characteristics of each region as its icon. For example, Sleman is known for its “Parijoto” Batik motifs, Kulon Progo with “lanthing” motifs, Margodadi with “*centhil*” and “*liya kencana*” motifs, and Jambi with “*angsa guwo*” motifs. Teaching Batik using local characteristics can also elevate regional culture. In addition, Mr. Bambang also wants to empower women as Batik craftspeople as women tend to be more careful and patient in painting Batik. Meanwhile, the men are better suited for coloring work.

Moreover, to limit the circulation of printed Batik, Mr. Bambang decided to become a member of the Regional Representative Council, Yogyakarta. With this role, Mr. Bambang has participated in making policies related to saving hand-drawn Batik, which printed Batik currently threatens, offering many motifs with various colors but at a relatively cheaper price. Mr. Bambang stated:

“We went to schools such as elementary or junior high schools that have not given Batik lessons. It is the duty of Regional Council members because we need to maintain the status of the world Batik city. We will provide certification for

elementary or junior high schools that have given Batik lessons and give them ideas about the motifs and their meanings.”

By becoming a council member, Mr. Bambang could also understand Batik appropriately. He further said:

Thus, as people from Yogyakarta, our attitude towards Batik must be completely consistent and supportive, not denigrating.”

However, during the pandemic, Mr. Bambang's Batik business was greatly disrupted because employees had to work from home, there were no promotional activities abroad, and they could not conduct training in Indonesia due to travel restrictions. As a result, sales dropped drastically. In addition, because celebrations such as weddings were not allowed during the pandemic, only a few people bought Batik. Fortunately, universities such as Gadjah Mada University and the Bandung Institute of Technology ordered Batik uniforms for their employees.

Currently, Mr. Bambang is providing Batik training in collaboration with the Yogyakarta Provincial Culture Service with funding from the Yogyakarta Special Status Fund. Through this activity, Mr. Bambang wished that his knowledge of Batik could be transmitted to many people so that Batik culture could be preserved. He said:

“This training and funding opportunity must be optimized because if the participants are already disappointed with the trainer, they will not believe the material presented. Nevertheless, if they are satisfied, they will build a good relationship; for example, they will call when there is a problem. Thus, this opportunity must be used as well as possible to grow and maintain interest in Batik.”

Further, his mission in providing training to many people is to raise public awareness to appreciate Batik because it requires a long and complex process, so the price becomes expensive. Thus far, people think that Batik is overpriced. He stated:

"Please do not see that Batik is too expensive because actually, the price of Batik is proportional to the complexity of the process and the quality."

The valuable lesson Mr. Bambang learned during the pandemic was that he became more concerned about his business. Before the pandemic, his business was often left behind due to frequent traveling abroad. In addition, Mr. Bambang has been focusing on training Batik craftspeople in Yogyakarta, especially in Margodadi Village, Seyegan Sub-district. During this pandemic, Mr. Bambang could also identify good-performance employees, while other employees were hired as project workers. The project workers would only be paid if they could submit their Batik products. Mr. Bambang admitted:

"During the pandemic, we can choose employees who are truly bona fide. I produce Batik only to help the unemployed people in my neighborhoods. However, if they are not talented in Batik making, it is better to ask them to find another job."

He further said:

"Over the years, I have spent much money helping them. Because of the pandemic, I did not fire them, just laid them off because the company had to close according to government rules. After I laid them off, I chose only good workers. I did this by calling two of my assistants, and they would tell the other workers that the number of workers is reduced [due to the pandemic]."

During the COVID-19 pandemic, employee salary payments were also changed from monthly to project wages. Before the pandemic, workers only worked effectively for two hours, even though their working hours were from 08.00 to 15.00. During the pandemic, they worked from home by making Batik, and when it was finished, the results were handed over, and they received their wages. He stated:

"If their performance is good, the output is more flexible, so I only pay those who actually work. I usually give instructions that one cloth should be finished in one week. If the results are good, I will provide additional work, but if the results are only average, I pay the wages, but I do not provide additional projects because I prioritized the more skilled employees."

Furthermore, during the pandemic, the Batik Nakula Sadewa company continued to comply with health protocols by wearing masks while working and reducing the number of employees during working hours. In addition, older employees got a lower share of the workload so that they could have more rest. Mr. Bambang also helped small craftspeople who could not buy white cotton broadcloth directly from the factory that they could buy from him. Usually, he bought white cotton broadcloth in bulk directly from the factory. Then, these craftspeople could be able to sell the raw Batik, which had not been colored, to Mr. Bambang to be later colored. They could also buy back the colored cloth from Mr. Bambang and sell them.

Regarding the environment, Mr. Bambang has his way of managing waste from his Batik production process. He disagreed that eco-green Batik is only natural because only a few people liked Batik with natural coloring due to their dull color. Therefore, Mr. Bambang still used synthetic dyes with more environmentally friendly colors. Therefore, he did not use "natural dyes" but "environmentally friendly dyes". According to Mr. Bambang, several producers of Batik with natural dyes have been trying to discredit Batik with synthetic colors by publishing false information that synthetic colors can cause brain cancer. According to him, this information is clearly wrong because the coloring, which is harmful and damaging to the environment, comes from printed Batik. If managed properly, Mr. Bambang ensures that synthetic dyeing waste will not pollute the environment.

“Our synthetic dyes do not pollute the environment because we precipitate them before disposing of them. For example, naphthol is precipitated, and salt is also precipitated. Then, the white foam on the surface can water the plants, and the sediment is taken, filtered, and collected. Once separated, the last deposit usually remains only a little, so it is safe to burn it.”

According to Mr. Bambang, the price of environmentally friendly dyes was up to 20 times more expensive than the price of synthetic dyes that were not environmentally friendly. However, eco-friendly dyes can be used many times. The color is “softer,” while the cheap dyes usually result in a very “striking” color. In Yogyakarta, most batik makers already use environmentally friendly synthetic dyes, so the Batik price is much more expensive than Batik produced in Solo or Pekalongan.

When asked about his successor, Mr. Bambang said that his children were not yet interested in Batik, but there were already others who could succeed him. He said that he would not force his children to continue his business. He said:

“I care more about the community than my family. This family will automatically be known as the batik family because many people started learning Batik from me. I hope that in the end, my children will also be interested in continuing this tradition.”

#### **CSR Activities Carried Out by MSMEs During the COVID-19 Pandemic**

Based on—the results of FGDs and interviews with batik entrepreneurs, CSR activities carried out during the pandemic can be divided into three aspects: economic, environmental, and social. Economically, the COVID-19 pandemic has tremendously impacted the income of Batik entrepreneurs. Mr. Bambang, the owner of the Batik business “Nakula Sadewa”, said that his turnover fell by 90% because it was impossible to hold exhibitions at home and abroad. For IBLG “Sekar Jagad”, the COVID-19 pandemic has also stopped some of their planned activities so that the goals that had been set could not be achieved.

On the other hand, this pandemic has forced them to think rigorously about how they should survive and continue to work. Therefore, many ways of working were then changed to make it cost-efficient. Before the pandemic, they still recorded considerable profits, so they had not considered production cost efficiency. For instance, Mr. Bambang, the owner of the Batik enterprise “Nakula Sadewa,” changed the form of compensation from fixed wages to project wages. After this change, Mr. Bambang could achieve labor cost efficiency. For IBLG Sekar Jagad, the COVID-19 pandemic also gave them the idea to conduct a Batik design competition with the theme COVID-19. The batik products from this competition were then auctioned off, part of the auction proceeds was given to craftspeople, and the rest was used for operational costs. The Batik group “Sekar Nitik” also did not stop production because IBLG “Sekar Jagad” continued giving orders.

Regarding the environment, they have made efforts to reduce environmental pollution long before the COVID-19 pandemic. So far, Batik has been considered to pollute the environment because of synthetic dyes, but this assumption is wrong. Instead, Batik makers try to reduce the risk of pollution by using good-quality dyes that are environmentally friendly. They also disagreed that environmental pollution could only be overcome using natural dyes; natural materials make Batik unattractive because the color tends to be "dull". In addition, environmental pollution can be prevented by properly managing production waste. Thus, Batik can remain attractive, and its production does not cause environmental pollution. Therefore, IBLG "Sekar Jagad" and "Nakula Sadewa" provided intensive training on how to manage production waste properly by doing sedimentation and multiple filtering, and the remaining wax that could not be filtered (the amount was very small) could be safely burned.

In the social aspect, during the pandemic, various social activities were carried out by the informants. IBLG "Sekar Jagad" was increasingly more intense in raising funds by inviting various parties to be involved in activities such as a Batik designing competition with the theme "COVID-19", which was a collaboration between IBLG "Sekar Jagad" with government agencies and textile enterprises. The resulting products of the competition were then auctioned with the involvement of Bank Indonesia. Thus, Batik craftspeople could still work and earn income from this activity. Furthermore, this activity was also a promotional event to find new consumers interested in Batik made by the contestants.

The Batik business "Nakula Sadewa" has also tried to keep its employees working by asking them to make Batik from home, which would be purchased according to the quality. In addition, Mr. Bambang, the owner of Nakula Sadewa, continued to conduct training, especially in areas in Yogyakarta, so that more people could produce Batik. This way, he wished that everyone would appreciate Batik and that the Batik tradition could be preserved. This training was funded by the Yogyakarta Provincial Government through the special status fund. For Mrs. Aminah and the "Sekar Nitik" Group members, when their business could be maintained, they could care about their neighbors. To ease the economic burden of the community affected by the pandemic, they also invited her closest neighbors to be involved in the Batik coloring process so that they could earn income.

### **MSMEs' Motive for Carrying Out CSR Activities**

The motive for implementing CSR activities is to preserve the environment and maintain good relations with all stakeholders (employees and communities), so the Batik industry can survive. Those who were affected would still be assisted to survive. In this case, IBLG "Sekar Jagad" has motivated Batik craftspeople by aiding in the form of cloth, wax, and Batik equipment for free to craftspeople who took part in a Batik designing competition with the theme of COVID-19. In addition, the design results were then auctioned, and the proceeds were divided proportionally among the craftspeople and organizers.

In addition, Mr. Bambang, the owner of the Batik business "Nakula Sadewa", was motivated to continue to preserve Batik. He did not close his business but simply changed

the payroll system to a variable salary system to reduce fixed costs. In addition, Mr. Bambang has been a Batik instructor for villages in Yogyakarta, with funding from the Special status fund, to widely introduce the process of making Batik so that people will realize that the process is complex, so it is only natural that Batik is sold at a high price.

### **MSMEs Motives and Characteristics of Social and Green Entrepreneurship**

Social entrepreneurs are usually practical, innovative, and sustainable to positively impact society, especially the lower and marginalized economic classes. Meanwhile, green entrepreneurs always try to actively deal with environmental problems by continuously trying to protect and preserve the environment to impact society and the economy positively. Green entrepreneurs are also entrepreneurs with environmental awareness and use eco-friendly materials.

Based on the CSR activities carried out, it can be stated that IBLG's "Sekar Jagad" mission was to preserve the Batik tradition so that they continuously strive to ensure that Batik craftspeople do not become extinct due to the COVID-19 pandemic. The IBLG "Sekar Jagad" administrators have been collaborating with big enterprises, especially textile enterprises and government agencies, namely the Yogyakarta Provincial Government and Bank Indonesia Yogyakarta office, to hold a Batik design competition with the theme of COVID-19. This competition could provide income for Batik craftspeople who participated in the competition where their works would be auctioned. Craftspeople who could produce good works also received orders for making Batik so that their Batik business could survive. As the owner of the Batik business "Nakula Sadewa", Mr. Bambang also continued to maintain his business by changing the working pattern of his employees to become more efficient. He has also been an instructor of Batik training to villages funded with Special status funds provided by the Yogyakarta Provincial Government.

In addition, IBLG "Sekar Jagad" has provided training on environmentally friendly coloring methods so that every Batik craftsman would know how to dye that does not pollute the environment. Mr. Bambang, the owner of the Batik business "Nakula Sadewa," has also practiced the coloring process using environmentally friendly materials, which will not pollute the environment, although the price is more expensive.

In Figure 1, the researchers showed a diagram illustrating the relationship between CSR activities, the motives for CSR activities, and the characteristics of entrepreneurs who run social and green entrepreneurship. Based on the diagram, it can be seen that there was a relationship between CSR activities and the motive for CSR activities with social and green entrepreneurship characteristics.

### **Discussion**

The COVID-19 pandemic has had negative impacts on the development of MSMEs. The negative impact was a drastic decrease in sales turnover, even up to 90%. (Bambang, 2021; Kompas, 2021; Oktria, 2020; Siregar, 2021). It was due to the decline in people's purchasing power and the absence of ceremonial events such as weddings. Before, people

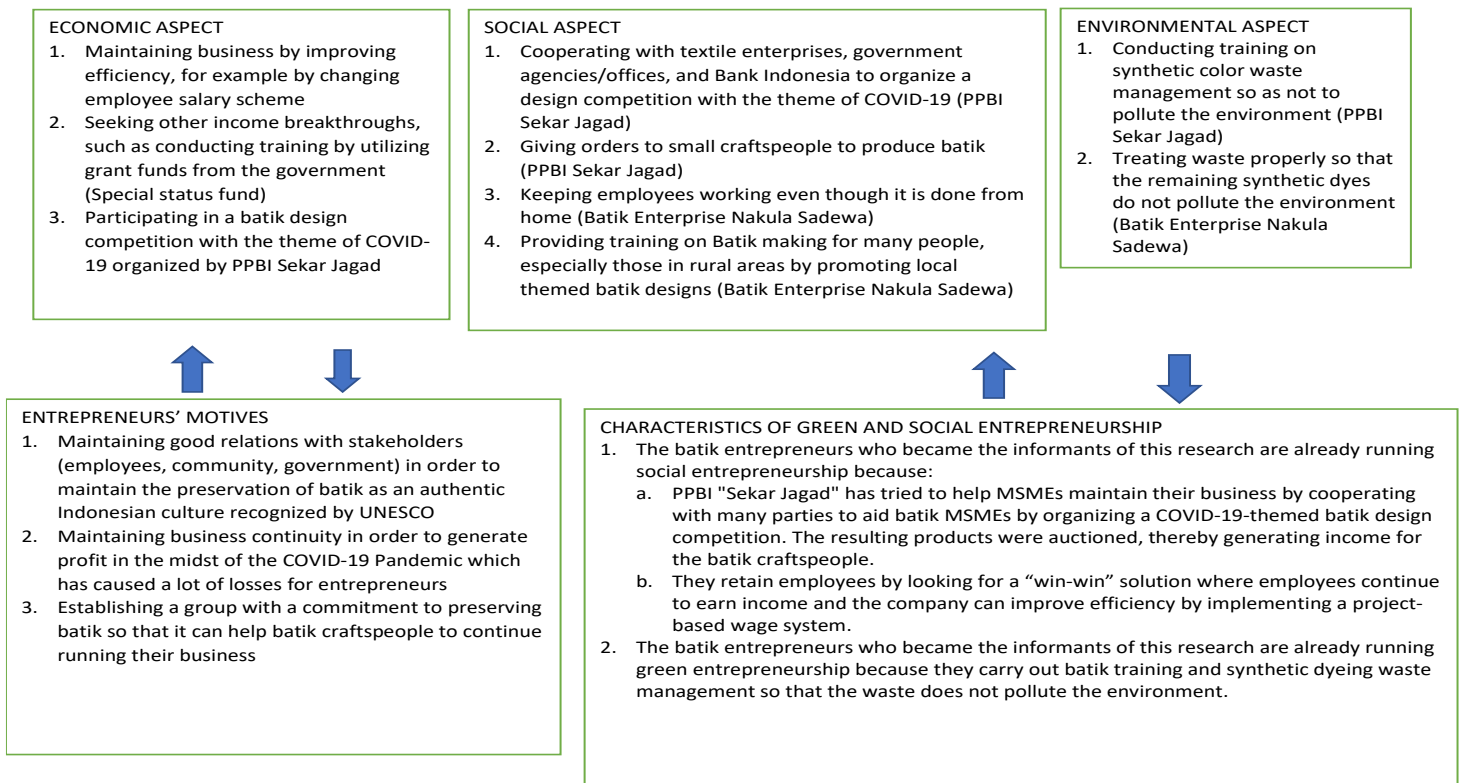


almost always wore Batik on these ceremonial occasions, but since such activities were prohibited during the pandemic, they did not buy or order Batik. In addition, for large-size enterprises, the COVID-19 pandemic has stopped them from exhibiting and giving training abroad and outside the region. It has thus reduced sales turnover even further.

However, Batik entrepreneurs did not simply give up in this condition. They started thinking about how to make the company's performance more efficient and effective. For micro-scale entrepreneurs, the challenge to survive is much bigger, especially if they do not receive assistance from the government. For example, the Indonesian Batik Lovers Group (IBLG) Sekar Jagad, helping Batik craftspeople, sought solutions to help these micro-entrepreneurs. They held a Batik design competition with the theme of COVID-19, and the resulting products were then auctioned off. This activity was carried out by IBLG Sekar Jagad in collaboration with government agencies and Bank Indonesia.

Meanwhile, larger Batik entrepreneurs have tried to overcome the problems caused by the pandemic by taking efficient measures, such as changing the compensation system for employees. They also provided training in Batik making in villages by utilizing special status funds from Yogyakarta Provincial Government. They could then carry out other social activities by increasing their economic capacity.

**CSR ACTIVITIES BY MSMEs**



**Figure 1** CSR Activities by MSMEs

Moreover, they had carried out CSR activities related to the environment long before the pandemic and continued to do so during the pandemic with proper processing of the waste from Batik coloring. Their motive for carrying out this CSR activity was to ensure that Batik remains sustainable and continues to be recognized by the world as Indonesia's authentic culture. Therefore, various efforts have been made to maintain the business of Batik craftspeople or entrepreneurs, one of which is by maintaining good relations with stakeholders (employees, community, and government). This CSR activity has also helped maintain business continuity so that craftspeople could generate little profit amid the COVID-19 pandemic, which has caused them many losses. For instance, IBLG Sekar Jagad's commitment to preserving Batik has benefited Batik craftspeople, especially micro-scale entrepreneurs, to continue running their businesses.

In this study, Batik entrepreneurs who were respondents have already run social entrepreneurship because they helped MSMEs maintain the business by cooperating with many parties to aid Batik MSMEs by organizing training and batik-making competitions. These activities generated income for Batik craftspeople. They have also tried to retain employees by implementing a “win-win” solution, where employees could still earn income, and the company could improve efficiency by implementing a project-based wage system. The entrepreneurs also displayed the characteristics of green entrepreneurs because they conducted training and carried out proper waste management so that the waste did not pollute the environment.

To increase confidence about the information validity and reliability from Batik business actors, the researchers then conducted a cross-check (triangulation of sources) with informants representing government institutions, namely Ms. Ratna from the cooperative service and Ms. Pudji from the cultural service, Yogyakarta Special Region. According to Mrs. Ratna, the Cooperative Agency has collaborated with Sekar Jagad to help market Batik by providing free-of-charge marketing facilities at the Yogyakarta International Airport Gallery, Pasar Kota Gede. Meanwhile, Mrs. Puji from the Culture Service stated that to save the batik business, Sekar Jagad had collaborated with the cultural service to obtain financial assistance from the Specialty Fund for Yogyakarta Special Region in carrying out training activities for batik entrepreneurs. The aid funds were used to pay the honorarium of resource persons and instructors.

Further, the results of this study are new findings that, at the same time, refute previous research that efforts to promote environmental and social improvement have faced resistance and skepticism (Parker et al., 2009; Nejati et al., 2014). This study showed that MSMEs had made awareness of CSR practices on a limited scale. This research also revealed that CSR practices were aimed at employees, fellow batik entrepreneurs (Bambang, 2021; Sekar Jagad, 2021), and the surrounding environment (Aminah, 2021). Nevertheless, this finding is slightly different from Nejati et al., 2014); stakeholders considered influential in CSR practices were employees and customers. In this case, this study uncovered that business partners' employees were CSR targets. It was probably due to the uniqueness of the batik business, where business actors were still individuals and weak, so the effort to work together became a spirit considered crucial. In addition, the

desire to preserve batik culture also raised the spirit of mutual assistance for batik entrepreneurs to preserve batik products and businesses.

Even in a pandemic, batik entrepreneurs have tried their best to retain their employees by changing the recruitment and payroll system (Bambang, 2021). The employees were taken from the surrounding community who had lost their jobs due to the pandemic (Aminah, 2021). Nejati and Amran (2009) stated that most MSMEs also had an operating environment within a limited scope, so the surrounding community was the closest stakeholder and was affected by their business activities. Therefore, attention to the closest community is a priority because it greatly affects the continuity of the business.

Based on interviews and the discussion results with informants, they stated that the motivation to do CSR during this pandemic was mainly driven by the desire to maintain relationships and based on moral considerations of wanting to help business partners and other stakeholders in dealing with difficult situations during the pandemic. The informants also admitted that they needed to maintain good relations with all stakeholders, such as business partners, employees, the community, and the government. They also realized that UNESCO's recognition of Indonesian Batik is a reputation and asset that needs to be maintained, so they needed to strengthen each other's cooperation to maintain this reputation. In carrying out CSR activities during this pandemic, informants stated that they did not think about the motive of wanting to dominate stakeholders for personal benefits. The motivation described is in accordance with the statement of Aguilera et al. (2007), especially the motive to maintain the relationship with stakeholders (stakeholders' expectations/ relational) and the moral principle to lighten the burden on society (deontological). Meanwhile, they ignored the instrumental motive, which was driven by self-interest.

In addition, this study's results align with previous research, which found that CSR activities in SMEs were more strongly driven by intrinsic motivation (Graafland & van de Ven, 2006; Grimstad et al., 2020). Longo et al. (2005) also showed that MSMEs did CSR because they were driven by moral or ethical considerations from owner-managers. This research also answered the long unfinished debate about whether organizations' CSR practices are more driven by financial interests (Margolis & Walsh, 2003; Roman et al., 1999). Besides, the literature on strategic management has emphasized that the success and survival of a corporation are determined by the organization's ability to manage stakeholders. Further explanation of the reasons for CSR activities can be related to social contract theory and stakeholder theory.

Social contract theory suggests that a reciprocal dependence between companies and individuals creates a moral responsibility for companies to help stakeholders even in times of financial crisis, regardless of whether these actions are beneficial or detrimental (Van der Vegt et al., 2015). Thus, companies run their business by providing goods and services that individuals want or need. The individuals then interact with the companies in one or more roles: customers, employees, suppliers, investors, and others. Without these individuals, the company would not run. This theory means that business activities are not only in the private sphere of business actors but also have become the public sphere.

This principle emphasizes that business activities must comply with the values and norms mutually agreed upon in the community. Therefore, every decision taken is not only based on economic considerations but must also carry out a social mission. By using social contract theory, the researchers can explain that entrepreneurs carry out CSR activities to create social capital for their business, and then this social capital is useful for building social contracts with the community and other stakeholders.

Meanwhile, stakeholder theory states that the existence of a company is strongly influenced by the support of its stakeholders. The theory highlights that the success and survival of a corporation are determined by the organization's ability to manage stakeholders. Stakeholders are also groups or anyone affected by the process of achieving organizational goals (Freeman, 2010). Besides, organizations are tools for identifying and reconciling the interests of different stakeholders, so organizations are to pay attention to the interests of the wider constituency in certain ways by considering ethical issues (Simmons, 2004). Thus, in all its activities, entrepreneurs need to pay attention to the prosperity of stakeholders fairly.

During the pandemic period, Batik business actors have carried out various activities that can verify social contract theory and stakeholder theory, although at a small level and volume. Activities such as using environmentally friendly dyes, retaining employees in difficult situations, giving orders to smaller business actors, and assisting small batik entrepreneurs are examples of CSR awareness by batik actors in Yogyakarta.

In the context of the pandemic period, Batik entrepreneurs' CSR activities can be said to be an effort to carry out the enabling, empowering, and protecting functions. Enabling is an effort to create a climate so that the potential community that exists in the community can develop; empowering is an effort to strengthen the potential that the community already has; protecting is an effort to protect the weak community (Kartasasmita, 1996).

## **Conclusion**

Due to the COVID-19 pandemic, Batik MSMEs experienced a drastic decrease in sales turnover, up to 90%. (Bambang, 2021; Kompas, 2021; Oktria, 2020; Siregar, 2021). It was due to the decline in people's purchasing power and restrictions on ceremonial events, such as weddings. For larger enterprises, the COVID-19 pandemic has closed access to exhibitions and training abroad and outside the region.

In these difficult conditions, the Indonesian Batik Lovers Group (IBLG) Sekar Jagad, supporting Batik craftspeople, sought solutions to help these MSMEs. They held a Batik design competition with the theme of COVID-19, and the resulting work was auctioned off. This activity was carried out by IBLG Sekar Jagad in collaboration with government agencies and Bank Indonesia. They also took efficiency measures by changing the compensation system for employees from fixed to project-based wages and providing training on Batik making in villages funded by the Special Status Fund of Yogyakarta Province. Their motive for carrying out this CSR activity was to ensure that Batik remains

sustainable and continues to be recognized by the world as Indonesia's authentic culture. Therefore, various efforts have been made to maintain the business of Batik craftspeople or entrepreneurs by maintaining good relations with stakeholders (business partners, employees, community, and government).

In addition, the Batik entrepreneurs who became the informants in this research have been running social entrepreneurship because they helped MSMEs maintain the business by cooperating with many parties to aid Batik MSMEs by organizing a Batik design competition, and the resulting products were auctioned to generate income for the craftspeople. They have also tried to retain employees by looking for a “win-win” solution, where employees could still earn income, and the company could improve operational efficiency by implementing a project-based wage system. The entrepreneurs also matched the characteristics of green entrepreneurs because they have conducted training and carried out proper waste management so that the waste does not pollute the environment. In Yogyakarta, the batik entrepreneurs knew that they should create a harmonious and balanced relationship with all their business partners and their environment, following the values, norms, and culture of the local community. Hence, even though they were in a difficult situation due to the pandemic, they were still committed to helping reduce the pandemic impacts (suffering) on employees, local communities, and business partners.

Further, the results of this study have practical implications for stakeholders who will develop MSMEs using the concept of green entrepreneurs. MSMEs development should be carried out using an approach oriented toward creating moral awareness and building SMEs' awareness of the need to improve relational quality (solidarity) with business partners and other stakeholders. Thus, these MSMEs can develop their businesses using the concept of green entrepreneurs, which has a positive impact on the economy, society, and environment. This research also provides theoretical implications in an additional discussion on the motivation of MSMEs in CSR activities and provides some answers to the long unfinished debate about whether organizations' CSR practices are more driven by financial interests (Margolis & Walsh, 2003; Roman et al., 1999). In this case, this study showed that SMEs did CSR because they were driven by moral or ethical considerations from owner-managers.

However, this research is still a preliminary study on CSR behavior in MSME entrepreneurs, especially Batik business actors. The limitation of the study is that the study only involved three informants, so the conclusions were only based on the results of interviews and observations of these three informants. Therefore, the results of this study might not represent and could not be used to generalize the conditions of all Batik enterprises in Yogyakarta. Hence, further research can complement this research with quantitative methods by surveying more Batik enterprises in Yogyakarta to obtain a general conclusion regarding the conditions faced by these enterprises. In addition, future research can also add an analysis of the business actor characteristics influencing the motives of CSR behavior for MSME entrepreneurs.

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