

Public Mission of Local Companies in the COVID-19 Era: Challenges and Obstacles

Dwiyanto Indiahono

{dwiyanto.indiahono@unsoed.ac.id}

Public Administration Department, Faculty of Social and Political Sciences, University of Jenderal Soedirman, Kampus FISIP Unsoed Jl. HR. Bunyamin 993 Purwokerto – Indonesia

Abstract. The COVID-19 pandemic has affected the economic life of citizens. The state, through state and local companies, seeks to assume the function of the state in the public sector. This research was conducted with qualitative research methods with secondary data, and data analysis used content analysis and interactive data techniques. Exemption from drinking water bills by several local water companies has shown the role of local companies as true public sector providers. However, the provision of subsidies to certain groups has caused polemics on the interpretation of public affairs in local companies. Local companies are demanded not only to be pro-poor but also to the affected public. The obstacles regarding the limitations of subsidies can be explained due to the limited ability of local companies to provide subsidies, as well as the difficulty in identifying people affected by COVID-19. The provision of subsidies by local companies will increase public trust and loyalty to local companies.

Keywords: local companies, public interest, subsidies, local water companies.

1. Introduction

The coronavirus pandemic has given turbulence to the world economy [1]–[3]. The health crisis turned out to be shifting to an economic crisis that was multidimensional. The foundation of Indonesia's economy is vulnerable, making Indonesia's economic conditions weaken rapidly. Economic growth which was originally targeted at number 5 seems to be shifting at 1-4 percent. The minimal prediction of the impact of COVID-19 on poverty is to increase from 9.2 percent (September 2019) to 9.7 percent at the end of 2020. This number gives the message that there are around 1.3 million more people will be poor. The most severe projection of COVID-19's impact on poverty is 12.4 percent or more than 8.5 million people will be poor [4].

This economic condition becomes a burden for the public. When income is steady or even decreases, efforts to reduce expenses are also not an easy matter. On the macroeconomic side, efforts to reduce spending will have implications for reducing consumption in the real sector and this will impact economic growth [5].

Schemes to help the public in the pandemic era by the government continued with various scenarios. There are at least two mechanisms that can be taken, increase income, or reduce the burden of household expenditure. The government through the macro policy scheme has sought to reduce the burden of public expenditure, for example removing electricity bills since April 2020 specifically for citizens who have 450 Watt power. Scenarios like this are good for reducing the burden of household expenses.

In this COVID-19 pandemic era, scenarios to provide a stimulus for poor families to survive do not only depend on national policy. Local governments with existing local companies in their management can also participate in providing assistance to the public. Local companies are public sector companies that are controlled by the local government to take care of public interests, are non-profit, and provide benefits for local revenue. Local companies are naturally designed more for the fulfillment of the public sector, and this is a challenge in the pandemic era: whether local companies will be able to show the original character to put more emphasis on the public sector rather than profit-oriented. The COVID-19 pandemic era challenged local companies to be more pro to the public.

2. Literature Review

Local companies must continue to change to defend themselves from changes in the organizational environment. Raharja and Srikandiati conveyed, that to change the business of local companies is not only considering the theoretical aspects but also requires economic, social, and legal considerations [6]. The pandemic has also demanded changes in local companies, not just pursuing profits but more to the public mission. Local water companies that manage water affairs can show their support to the public. Water is a vital need for citizens. Water is a public affair that is almost an important public sector in daily life [7]. Vital matters like this usually do not distinguish between poor or rich, the difference being, for example, class or tariff class. But they still have the right to receive the same services as citizens [8]. Local water companies as local companies must have a role in reducing public burden during the Covid-19 pandemic. Research on the role of local water supply companies in the Covid-19 pandemic is still not widely found, therefore this research can be a preliminary study to illustrate the role of local companies in reducing the burden on citizens during the pandemic.

3. Method

This research method used qualitative research based on secondary data obtained from reading in the mass media, the official website of the government, and previous studies. The qualitative research method was used because this study wanted to explain the public mission of local companies (local water companies) in reducing public burden during the Covid-19 pandemic [9]. This research was conducted in July 2020 in the context of still being in the Covid-19 Pandemic era. Triangulation was done by comparing one article with another writing from various news sources. Data analysis was performed using content analysis and interactive data techniques [9], [10].

4. Result And Discussion

4.1 Subsidizing Schemes by Local Companies

Some local companies in the pandemic era have positioned themselves as public organizations that have public missions. This shows that the spirit of the formation of local

companies is not lost. If it refers to the purpose of the formation of the state to advance public welfare, and to meet the livelihoods of many people, the presence of state enterprises, including local companies, is important and strategic. The important and strategic meaning here is as an institution that is given the task to implement public welfare and meet the interests of many people. The local company, which was later accused of having shifted towards the private sector at least in the COVID-19 era, faced its challenges.

The Local Water Supply Company (*Perusahaan Daerah Air Minum/ PDAM*) of the Cilacap Regency issued a policy to provide 100 percent relief for special social group C customers with a total of 1,236 customers, for D1, D2, and D3 household groups, with total customers reaching 2,379 given 50 percent waivers [11]. The waiver for the payment of the water account given is for May, which was paid in June 2020, and the June account that was paid in July 2020.

The Salatiga Local Water Supply Company provides 100 percent relief for customers of household A and social categories for four months: April, May, June, and July. The number of households A water customer is 542 and social customers are 743. Every month, there are 1,285 customers. The average monthly bill for household group A totals to Rp 23 million and social group worth Rp 83 million [12], [13].

Local companies during the pandemic above show that local companies continue to uphold the principles of being a state-owned/ public company. The activity of exemption from bills to social customers and the poor thus becomes valuable to reduce the burden on disadvantaged citizens. This burden reduction scheme is economically an effort to reduce poverty or at least reduce the impact of COVID-19. The Indonesian government in the pandemic era COVID-19 also provided various incentives to stimulate economic growth, such as providing tax incentives for business people, and Micro, Small, and Medium Enterprises [14], [15].

4.2 Polemic on Subsidy Policy and Local Company Obstacles

Local companies that seek to reduce the burden on the poor public in the Pandemic Era COVID-19 deserves appreciation. However, quite substantial polemic appears. Are local companies only allowed to give subsidies to disadvantaged groups? What about other publics who are also citizens, especially if there are previously non-poor citizens who are also affected by COVID-19. Moreover, the drinking water company is very much determined by the government's involvement, the higher the level of government involvement, the better the performance of local water companies [16], [17].

The discussion about the role of the state in dealing with COVID-19 is indeed complicated, whether the government is only important to manage public affairs from the poor, or is also obliged to manage the affairs of the rich. On the treatment side of COVID-19 patients in hospitals, for example, patients are given government subsidies through the Social Security Agency's (*Badan Penyelenggara Jaminan Sosial/ BPJS*) by the health insurance scheme. Patients in hospital in principle, the service is provided equally, according to the BPJS class. COVID-19 patients remain fully handled by the government. When the COVID-19 storm hits, the government must be above all classes. Life is not normal, almost all classes get the impact. The scheme for providing subsidies to citizens in the scheme of reducing the burden of paying water bills depends very much on the ability of local companies. If Cilacap and Salatiga above can provide subsidies to the poorest social groups and customers, then it could not be done by local water supply companies in other regions. The ability of local companies in conducting "social enterprises" is very dependent on the ability of local companies. Therefore, during the COVID-19 pandemic, the provision of subsidies only to the poorest groups could be justified in policy terms. There are some reasons:

First, the limited ability of local companies to carry out social action must also maintain aspects of corporate sustainability. The efforts of local companies to reduce the burden on poor families by freeing water bills, at least provide action that local companies still care about the public. Providing access to water for poor families during the COVID-19 pandemic is important, as important as meeting water needs because of the water crisis during climate change for the poor [18], [19].

Second, the difficulty of identifying the affected groups quickly. The action of local water companies to provide subsidies for exemption or reduction of bills is very dependent on the data they have. Data about customers with the lowest class is very easy to get, but it is difficult to get customers who are in the upper class with the category as customers affected. Aside from being difficult to get quickly, it is also difficult to identify the criteria for affected customers.

Third, local companies themselves seem to have to adapt to environmental changes that occur due to COVID-19. The changing corporate environment, for example, people's consumption patterns, and purchasing power, of course, must be considered and can be predicted by local water companies. Their mission to conduct business sustainably must also be maintained in this Pandemic Era. Companies in Europe also make efforts to adapt to environmental changes due to COVID-19 in a variety of ways [20]. When referring to the research of Muhyi and Raharja, local water companies have a good culture in terms of innovation and risk-taking, attention to details results in orientation, a people orientation, team orientation, aggressiveness, and stability [21]. Various studies in Indonesia also show that local drinking water companies are quite good at maintaining service quality and water quality [22]–[24], although there are also studies that show that local drinking water companies still need improvements in terms of service quality and water quality [25], [26].

The provision of subsidies by local companies to reduce public burdens is an effort to reduce public burdens in the Pandemic Era COVID-19 [27], [28]. This action will have an impact on increasing public confidence (especially grassroots public) towards companies and local governments. The public considers that local companies remain the property of the people, and it may be that after this pandemic ends, the economy is running normally and better, the public will be increasingly loyal to local companies.

5. Conclusion

Exemption from bills to local water company customers in the COVID-19 era has shown that local companies have been pro-poor. This subsidy scheme has shown that local companies are still loyal to become companies that not only pursue profit but are more concerned with fulfilling the lives of many people. Free provision of local water company bills is part of reducing the burden on citizens in the pandemic era. Obstacles of reducing the burden not only to the lowest customer groups but also on the groups above those affected by COVID-19 are difficult to do because of the limitations of local companies and the difficulty of identifying affected people quickly. In addition to maintaining the public mission of local companies, they also have to defend themselves to be able to live in the era of the COVID-19 pandemic. The behavior of local companies that are pro-public will increase public trust in companies and local governments.

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