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Communication with Investors: Strengthening Strategies to Address the Decline in the Jakarta Composite Index and Improve the Welfare of MSMEs

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Abstract
The volatility of the Jakarta Composite Index (JCI) in 2026 has created a precarious environment for both institutional investors and Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. This research explores the pivotal role of strategic investor communication in mitigating the adverse effects of market downturns and its subsequent impact on MSME welfare. Utilizing a qualitative-exploratory approach, the study analyzes how transparent, data-driven communication strategies can stabilize investor sentiment and prevent capital flight during bearish periods. Furthermore, it investigates the structural link between capital market stability and the informal economy, particularly how fluctuations in the JCI influence the availability of credit and partnership opportunities for MSMEs. Grounded in Signaling Theory and Stakeholder Theory, the findings suggest that effective communication acts as a buffer against market irrationality. The research highlights that while a decline in the JCI often leads to tightened liquidity, proactive engagement strategies can sustain investor confidence in the long-term resilience of the Indonesian economy. This study concludes with a proposed framework for "Integrated Financial Communication" that synchronizes macro-level market signaling with micro-level MSME support systems to ensure holistic economic welfare.

INTRODUCTION

The Jakarta Composite Index (JCI), or *Composite Stock Price Index* (IHSG), serves as the primary barometer for the health of the Indonesian capital market and, by extension, the broader national economy. As we progress through 2026, the global financial landscape has been marked by significant shifts in interest rates, geopolitical tensions, and the rapid integration of digital assets, all of which have contributed to heightened volatility within the Indonesia Stock Exchange (IDX). A decline in the JCI is not merely a numerical drop on a trading screen; it represents a contraction in market capitalization that can lead to a crisis of confidence among both domestic and foreign investors (Pratama & Santoso, 2024). When market sentiment turns bearish, the immediate challenge lies in how organizations and regulatory bodies communicate these shifts to stakeholders to prevent systemic panic (Hidayat et al., 2025).

Investor communication is a specialized branch of corporate communication that focuses on providing financial and strategic information to the investment community to facilitate informed decision-making. In the context of a declining JCI, the quality of this communication becomes a strategic asset. According to Signaling Theory, every piece of information released by a firm or a regulatory body serves as a signal to the market regarding the entity's underlying value and future prospects (Spence, 1973; Connelly et al., 2011). Inconsistent or opaque communication during a market downturn often exacerbates the "herding behavior" seen in investors, where mass selling occurs not based on fundamental data, but on the fear of others' actions (Bikhchandani & Sharma, 2000; Suryanto, 2025).

Effective communication strategies must go beyond mandatory financial reporting; they must encompass a narrative that addresses the "why" behind the decline and the "how" regarding recovery plans. Proactive investor relations (IR) functions as a mechanism to reduce information asymmetry, ensuring that investors have access to the same depth of insight as insiders (Lev, 2012; Widiastuti & Nugroho, 2026). By maintaining a transparent dialogue, entities can foster long-term "investor loyalty," which is critical for stabilizing the JCI during periods of macroeconomic instability (Bushee & Miller, 2012; Lestari, 2024).

Theoretically, high tax rates in a country will be a major incentive for MNCs to engage in aggressive transfer pricing practices (Kotler, 2008). Companies tend to look for loopholes or manipulate transfer prices to minimize their tax burdens legally (tax avoidance) or illegally (tax evasion). This phenomenon creates fiscal injustice and is detrimental to national development. Therefore, a mechanism is needed to neutralize or control this tax-based incentive, so that companies' decisions in determining transfer prices remain within the corridor of fairness (arm's length principle) and compliance (Philip, 2013).

While the JCI reflects the performance of large, listed corporations, its fluctuations have a profound "trickle-down" effect on Micro, Small, and Medium Enterprises (MSMEs). In Indonesia, MSMEs contribute over 61% of the total GDP and absorb approximately 97% of the national workforce (Ministry of Cooperatives and MSMEs, 2024). However, MSMEs are highly sensitive to the liquidity conditions dictated by the capital market. When the JCI declines, banks and financial institutions often adopt a "risk-off" stance, tightening credit requirements and increasing interest rates to hedge against market uncertainty (Siregar & Utama, 2025). This contraction in liquidity directly hampers the welfare of MSME owners, who rely on affordable capital for operational survival and expansion (Beck & Demirguc-Kunt, 2006; Rahman & Arifin, 2026).

The welfare of MSMEs is intrinsically linked to the stability of the JCI through the mechanism of institutional investment in supply chains. Many large-cap companies listed on the IDX rely on MSMEs as suppliers and distributors. A decline in the stock price of these "anchor" companies often leads to cost-cutting measures that adversely affect their MSME partners, resulting in reduced orders and delayed payments (Setyawan et al., 2024). Therefore, strengthening investor communication is not only about protecting shareholders but also about safeguarding the livelihood of millions of MSME actors who form the backbone of the Indonesian social fabric (Tambunan, 2025).

To address the decline in the JCI, communication strategies must be grounded in Stakeholder Theory, which posits that a firm's success depends on managing relationships with all parties that effectively, they send a "positive signal" that reduces the perceived risk for lenders, thereby keeping the credit lines for MSMEs open (Indrawati & Saputra, 2026). The failure to communicate effectively during a crisis leads to "market noise," where speculative rumors override fundamental analysis. For MSMEs, this noise manifests as a lack of economic certainty, causing a halt in investment and a decline in household welfare (Merton, 1987; Kurniawan, 2025). Strategic communication must therefore aim to decouple the temporary volatility of the JCI from the long-term economic potential of the MSME sector, ensuring that temporary market corrections do not lead to permanent socio-economic damage (Fatmawati & Wijaya, 2024).

Despite the abundance of literature on investor relations and MSME development separately, there is a significant research gap regarding the integration of financial communication as a tool to protect MSME welfare during capital market downturns. Most existing studies focus on the technical aspects of JCI fluctuations or the internal management of MSMEs. There is a lack of empirical evidence on how the language and strategy of investor communication can serve as a macroeconomic stabilizer for the informal sector in Indonesia. As the JCI faces unprecedented pressure in 2026, understanding this tripartite relationship Investors, Market Index, and MSMEs is imperative for sustainable economic policy (World Bank Indonesia, 2025; Sukardi et al., 2026).

RESEARCH METHODS

This study uses a qualitative approach with descriptive-analytical methods to explore investor communication strategies and their impact on the welfare of MSMEs amidst fluctuations in the Jakarta Composite Index (JCI). The choice of qualitative methods is based on the need to understand the contextual and complex phenomenon of strategic communication (Creswell & Poth, 2018). Primary data were collected through semi-structured in-depth interviews with 15 key informants consisting of investor relations managers, capital market analysts, and MSME association administrators to gain a cross-sectoral perspective on the transmission of capital market policies to the microeconomy. In addition, a documentary study was conducted on annual reports, press releases of public companies, and secondary data on JCI movements from the Indonesia Stock Exchange (IDX) for 2024–2026 as the basis for narrative analysis. Data analysis was conducted using thematic analysis techniques, which include data condensation, data display, and conclusion drawing based on signaling theory to identify effective communication patterns in stabilizing investor sentiment. Data validity is guaranteed through source triangulation and continuous observation of capital market dynamics to ensure that the findings are credible and relevant to current economic conditions (Miles et al., 2014; Yin, 2018).

RESULTS AND DISCUSSION

Based on thematic analysis of in-depth interviews with Investor Relations (IR) practitioners, stock exchange analysts, and MSMEs, as well as a review of issuer communication policies during the JCI decline in 2026, several crucial strategic patterns were identified.

Narrative Communication Strategy in Facing IHSG Volatility

Key findings suggest that in bear market conditions, the most effective communication strategy isn't simply reporting fiscal figures, but rather conveying a "resilience narrative." IR managers reported that when the JCI experiences a sharp correction, investors tend to experience cognitive bias, triggering panic selling. Strategic communication serves as a balancing tool to shift investors' focus from short-term fluctuations to long-term fundamentals.

Transparently communicating information regarding risk management and cash flow adequacy is a powerful positive signal. Based on Signaling Theory (Spence, 1973), companies that communicate detailed risk mitigation strategies have a higher chance of maintaining shareholder loyalty. An analysis of issuers on the IDX shows that companies that regularly hold digital town halls during index downturns have 12% lower stock price volatility than companies that maintain a passive approach (Hidayat et al., 2025).

Transmission Mechanism: From Capital Markets to MSME Welfare

A more in-depth discussion reveals a "liquidity transmission channel" connecting capital market sentiment with the well-being of MSMEs on the ground. This research identified three main channels:

Bank Credit Channels: When the JCI declines, perceptions of systemic risk increase. The banking sector tends to tighten liquidity (credit crunch). This has a direct impact on MSMEs applying for working capital. Respondents from the MSME association reported that the loan rejection rate increased by 20% when the index was in the red for two consecutive months (Siregar & Utama, 2025).

Supply Chain: Many large issuers whose shares are included in the Jakarta Composite Index (JCI) are major buyers of MSME products. Declines in issuers' market value are often accompanied by cost-efficiency policies. Discussions indicate that delaying installment payments to MSME vendors is a common strategy to maintain issuers' cash ratios, directly threatening the cash flow and well-being of small businesses (Setyawan et al., 2024).

Consumer Purchasing Power Channel: Declines in the JCI often erode the wealth of domestic retail investors (wealth effect). This decline in purchasing power impacts the turnover of MSMEs in the consumer and retail sectors, creating a domino effect that worsens collective microeconomic well-being (Lestari, 2024).

Integrated Communication as a Strategy for Protecting MSMEs

This research found that investor communication strategies should not be isolated within the corporate ivory tower. There is an urgent need for "Integrated Financial Communications." Issuers that communicate their commitment to empowering the MSME ecosystem in their business plans receive greater recognition from ESG (Environmental, Social, and Governance)-based institutional investors.

Modern investors in 2026 increasingly recognize that the resilience of a large company depends heavily on the health of its supplier ecosystem (MSMEs). Therefore, when issuers signal that they continue to support MSME vendors' liquidity despite market downturns, this is seen as an indicator of superior stakeholder management. This reinforces the proposition of Stakeholder Theory (Freeman, 1984), which states that long-term business sustainability can only be achieved if the well-being of the entire ecosystem, including MSMEs, is maintained (Harrison et al., 2019).

Digitalization of Investor Communications: Democratization of Information

The use of digital platforms and social media by the Indonesia Stock Exchange (IDX) and issuers has proven helpful in mitigating negative sentiment. However, the discussion also highlighted the presence of information noise that can confuse MSMEs. Digital communication should be directed towards providing inclusive market education, so MSMEs can anticipate changes in monetary policy or tightening of bank credit before their impact becomes widespread (Widiastuti & Nugroho, 2026).

Analysis of the Moderating Effects of Government Policy

Further discussion indicates that the effectiveness of investor communication in protecting MSMEs is significantly moderated by government intervention. Signals from the Financial Services Authority (OJK) that reassure the market through stimulus policies must be synchronized with MSME liquidity assistance programs. Without synchronized communication between capital market authorities and relevant MSME ministries, the signals sent to the market will be ambiguous, which could actually prolong the period of economic uncertainty (Indrawati & Saputra, 2026; Sukardi et al., 2026).

The implications of these findings are far-reaching. The decline in the JCI should not be viewed merely as a paper loss for speculators, but as a real threat to Indonesia's people-centered economic structure. Investor communication strategies must be positioned as an instrument of macroeconomic policy. If issuers and regulators can maintain investor confidence, capital flows will remain available, banks will not resort to extreme credit tightening, and MSMEs will continue to access the capital necessary for their operations (Tambunan, 2025).

Furthermore, this research challenges the old paradigm that separates the capital market (formal sector) and MSMEs (informal sector). In Indonesia's integrated economy in 2026, both are two sides of the same coin. Communication that strengthens strategies for handling index declines directly contributes to the stability of MSME welfare. Therefore, strengthening the *Investor Relations* function in public companies must include reporting on the social impact on the micro-partner ecosystem as a form of comprehensive economic responsibility (Beck & Demirguc-Kunt, 2006; Rahman & Arifin, 2026).

CONCLUSION

This study successfully maps the critical relationship between macro-level capital market dynamics and microeconomic well-being in Indonesia in 2026. Based on the in-depth analysis in the previous section, several key conclusions can be drawn:

1. Communication as a Market Stabilizer: A transparent and proactive investor communication strategy has proven effective in reducing JCI volatility by mitigating herding behavior among investors. A narrative focused on fundamental resilience maintains trust even when the index is in the red.
2. Impact Transmission to MSMEs: There is a linear relationship between capital market stability and the well-being of MSMEs. The decline in the JCI, poorly managed through communication, triggered a credit crunch and disrupted cash flow in the supply chains of large issuers, directly threatening the survival of MSMEs.
3. The Importance of ESG Signals: Modern investors increasingly value issuers that provide positive signals regarding the protection of their micro-partner ecosystems. Communication strategies that align shareholder interests with the well-being of MSME vendors create more stable and sustainable market sentiment.
4. Multisectoral Synergy: Addressing the declining index and protecting MSMEs cannot be achieved in isolation. The success of this strategy depends heavily on a synchronized message between capital market authorities (OJK and IDX), corporate issuers, and government policies in the MSME sector.

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