A Research Paper on the Corporate Social Responsibility (CSR) of SM Foundation Inc. (SMFI)

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Abstract— *This study examined the Corporate Social Responsibility (CSR) of SM Foundation Incorporated in the City of Cabanatuan. It focused on the following: (1) Demographic profile of the respondents, (2) Level of customer awareness, (3) Impact of SMFI CSR Activities, (4) Factors considered in formulating the CSR programs of SMFI, (5) Hindrances affecting the implementation of CSR programs, (6) The best good governance and CSR practices. The descriptive research design involved 500 participants who are customers and employees of SM. Using descriptive research, participants were selected using non-probability sampling and surveyed using a questionnaire. The data-gathering procedures used were surveys. Furthermore, data analysis employed mean frequency percentage, Krustal-Wallis (ANOVA), and Tukey's Honest Significant Difference (HSD) test. The findings indicated: (1) The general profile of the respondents was aged 15-25, with most having incomes P10,000 and below, and occasionally visiting SM Cabanatuan, (2) Customers were highly aware of SMFI's CSR initiative, (3) The CSR program has improved SMFI's company image since customers of SMFI preferred companies with a good reputation for CSR and Good Governance, (4) Factors considered in formulating the CSR programs were team engagement, company values, and community needs, (5) The hindrances affecting the implementation of CSR program were lack of participation in program implementation, (6) The best good governance practice of SMFI are the management of a company informs the purpose of its activities and the outcomes of its action, (7) The best CSR practice at SMFI was implementing employee and community relations CSR programs.*

Keywords— *Corporate Social Responsibility (CSR), Customer Awareness, Good Governance, Impact, SM Foundation Incorporated*

I. INTRODUCTION

"Bringing back to the community" is a phrase that encapsulates the idea of individuals, businesses, organizations, or governments giving back to the communities in which they operate. This concept involves contributing to the betterment of the community through various means, such as financial support, volunteerism, or other resources. Corporate Social responsibility is one of the ways businesses engage in "Bringing back to the community." Businesses can engage in CSR activities by supporting local initiatives, investing in community development projects, or sponsoring events that benefit the community. This demonstrates a company's commitment to social and environmental responsibility. Corporate Social Responsibility (CSR) refers to businesses and corporations' ethical and voluntary efforts to contribute positively to society beyond their primary goal of generating profits. CSR initiatives are designed to positively impact various stakeholders, including employees, customers, communities, the environment, and society. The key aspects of CSR are environmental sustainability, community engagement, philanthropy, employee welfare, ethical sourcing and fair labor practices, diversity and inclusion,

transparency and accountability, consumer protection, human rights, social impact investing, corporate governance, and sustainability reporting. SM Foundation, Incorporated (SMFI) is the CSR arm of the SM Group of Companies, one of the largest conglomerates in the Philippines. SMFI is actively engaged in a wide range of CSR initiatives to impact Philippine society positively. Some critical aspects of SM Foundation's CSR are education, healthcare, community development, disaster response, livelihood and skills training, environmental initiatives, health and wellness, arts and culture, disability inclusivity, employee engagement, transparency, and accountability. SMFI's CSR activities align with the SM Group's broader commitment to corporate social responsibility. Through its multifaceted initiatives and collaborations with various partners, SMFI strives to make a meaningful and lasting difference in Filipinos' lives and the communities where the SM Group operates. SMFI is the organization the SM Group uses to bring back to the community where it operates. This is essential to social responsibility and community engagement as it fosters a sense of shared responsibility and solidarity within the community, strengthens social bonds, and enhances residents' overall quality of life. Whether through financial support, volunteer work, or other resources, individuals and entities can make a positive difference in their communities by giving back. Generally, this study aims to describe, assess, and analyze the Corporate Social Responsibility (CSR) of SM Foundation Incorporated (SMFI) in the City of Cabanatuan. Specifically, the objectives of this study were the following: (1) To determine the demographic profile of the respondents in terms of Age, Sex, Employment Type, Monthly Income, (2) To describe the level of customer awareness about the CSR of the SMFI, (3) To describe the impact of SMFI's CSR activities, (4) To determine the factors being considered in formulating the CSR programs of SMFI, (5) To determine the hindrances affecting the implementation of CSR programs of SMFI, (6) To determine the best Good Governance practice of SMFI, (7) To determine the best CSR practice of SMFI.

II.   METHODOLOGY

Quantitative descriptive research was employed by the researchers to determine the impact of the implementation of CSR and Good Governance of SM Foundation Incorporated. The study was conducted in Region III, Province of Nueva Ecija, specifically Cabanatuan. The population in Region III, as determined by the 2020 Census, is 327,325. The respondents of the study were the customers and employees of SM. A sample of 500 participants who are customers of SM was selected. Thirty (30) employees

from the 2 Malls of SM in Cabanatuan City were surveyed. non-probability sampling for the selection of the respondents. Limtinco (2012) stated that non-probability sampling was subjective when field workers had to choose a subject. Purposive sampling was used in selecting the respondents. Lindgreen et al, (2010) say that purposive sampling is a non-probability sampling determined based on a population's characteristics and the study's objective. This type of sampling can be advantageous when you need to reach a targeted sample quickly and where sampling for proportionality is not the primary concern. Meanwhile, questionnaires were deemed to be most suitable for this study. A questionnaire is a method of gathering primary data that is ordered. It usually consists of written questions that respondents must answer (Kuokkanen et al, 2019). The research instrument used was the checklist questionnaires formatted as Google Forms and applied two (2) sets of questionnaires of customers and employees. The questions were derived from various readings and previous reports from the references mentioned at the end of this research paper; however, the researchers modified them with the help of the adviser and a statistician. The primary data contained all the information extracted from the questionnaires the respondents answered. There were three sections in the questionnaire. The first section established the respondents' profiles in terms of age, sex, civil status, highest educational attainment, and household income. The next section of the survey asked respondents to assess their awareness of SM's Corporate Social Responsibility and Good Governance initiative through its philanthropic arm, SM Foundation Inc. The respondents were required to answer their part using the following scale: 5 (Strongly Agree), 4 (Agree), 3 (Neutral), 2 (Disagree), 1 (Strongly Disagree). The last part contained suggestions on how SM Foundation Inc. can improve its CSR activities and implement good governance. The data collected from the locale was encoded, tallied, and analyzed. Statistical tools were utilized in its analysis. Specifically, mean frequency percentage was used to describe the demographic profile, and level of customer and employee awareness to determine employee retention and satisfaction and describe the best CSR and Good governance of SMFI. Subsequently, Krustal-Wallis, or one-way ANOVA, was used to determine relationships between customers' demographic factors such as age, sex, employment status, and income and their awareness of SMFI's CSR activities. On the other hand, Tukey`s Honest Significant Difference (HSD) was used to check if there were significant differences between pairs of group means. The group means were the average scores obtained from the respondents' responses to the questions about CSR awareness.

III.   RESULTS AND DISCUSSION

1.   Socio-demographic Information of Participants

A total of 500 people participated in this study. The majority were between the ages of 15 and 25, with a percentage of 57.4%. However, the corresponding percentage for those between the ages of 46 and above is 1.80%, which is the lowest. There were 287 (57.40%) participants aged 15 to 25, 176 (35.2%) participants aged 26 to 35, 28 (5.6%) participants aged 36 to 45, and 9 (1.8%) participants aged 46 and up. Meanwhile, it was noted that there were more female participants than male participants. There were 330 females (66%), and 170 males (34%). Five types of employment were identified: 182 (36.40%) students, 272 (54.40%.) employed, 29 (5.80%) self-employed, 15 (3%) unemployed, and 2 (0.40%) others. On the other hand, most of the participants' monthly income falls between P10,000 and below. There were 220 participants (44%) who fell into this income bracket. It was then followed by the income bracket of P10,001- 20,000 with a frequency of 137 (27.4%), P20,001 - 30,000 with a frequency of 86 (17.2%), P30,000 - 40,000 with a frequency of 32 (6.4%), and 25 people said they were earning P40,000 and above (5%). For the frequency of customers visiting SMFI-affiliated establishments, 297 (59.40%) participants said that they visited SMFI-affiliated establishments occasionally. Meanwhile, there were 123 (24.60%) participants who said they went to SMFI-affiliated establishments only occasionally and 80 (16%). stated they went very frequently. For the SMFI-affiliated establishments that the participants often visited, 175(35%) visited SM Cabanatuan, 120 (24%) visited SM Mega Center, 86 (17.20%) visited Waltermart, 59 (12%) participants have visited Save More Amigo, 35 (7%) participants for others, and 25 (5%) participants for Watson Store - Pacific.

2.   Level of Customer awareness about the CSR of the SMFI

For the level of customer awareness about the CSR of the SMFI, Table 1 shows the level of customer awareness. The ANOVA test showed that the customer's age and the frequency of visits have significant findings at the 5% significance level. The age was 0.033, while the frequency of visits was 0.047. On the other hand, sex, employment, monthly income, and branches often visited do not show any significant results. Mean ranks were also computed to analyze the results further. Participants in bracket 46 above, with a mean rank of 362.22, had the highest awareness of SMFI's CSR programs. Regarding the frequency of visits, the 80 participants with a mean rank of 278.89 who usually visited SMFI-affiliated establishments are the most aware of all the participants in SMFI's CSR programs. Other criteria, such as sex, type of employment, monthly income, and branches often visited, show the same perception. In this result, the clients 46 years old and above are more aware of the SMFI CSR programs, which gives us the impression that clients in this age bracket are very observant and concerned about how companies contribute to communities. Customers in their 40s also have more experience and knowledge about what has happened over the years, so the CSR concept is not new to them. The practice of CSR grew during the 1960s and 1970s, and this growth occurred more due to the impact of Howard R. Bowen's work, Social Responsibility of the Businessman, published in 1953 (Gimbel, 2018). According to Gimbel, the CSR concept has already been growing since the 1950s, and this may support the study's results that the generations in their 40s and above are well aware of the CSR programs incorporated by companies like SMFI. So, aside from the prices of SMFI's products, these customers are curious about its CSR programs. Based on the gathered results, the highest mean was on Questions 7 and 3, with 4.02 and 4.1.08, respectively. With this information, it was found that most of the customers agreed that they were aware that SMFI provides employment to working students and agreed that it is essential for a company to have CSR and good governance. Despite SMFI's colossal success, it continuously strives to improve its imperfections. It also aims to be the top employer choice of students who belong to top universities: UP, ADMU, and DLSU (Co et al., 2007). CSR and good governance are two sides (Sala et al, 2021). The first step towards good CSR is practicing good corporate governance. A company should always look first at its internal value towards its employees, and with that, it can satisfy the expectations of its external stakeholders. Companies that practice good corporate governance are also socially and environmentally responsible (Sala et al, 2021). Corporate Governance helps establish a good communication channel between a shareholder and an organization's leadership. If there is good communication between the internal stakeholders and the management, all the matters for the decision-making are always in place and result in smooth operations and transactions. According to Thacker (2019), "The relevance and importance of corporate social responsibility (CSR) is highly significant today in this capitalist economy to ensure the sustainability of life and business in the future." Through CSR, company value increases, and it indicates profit. The more the company is recognized, the more customers will be curious and fond of it. The welfare of the community is being given emphasis and monitored through CSR. With the continuous involvement of the company in CSR, the community has also been taken care of.

Table 1. Level of Customer Awareness of the Customers Tested at 5% Significance Level

	Age	Sex		Employment	Monthly Income	Frequency of Visiting	Branch
Chi-Square	8.766	0.148		1.123	2.533	5.054	6.214
Df	3	1		4	4	2	5
Asymp. Sig.	0.033*	0.701		0.891	0.639	0.047*	0.286
	a. Kruskal Wallis Test						
	*b. * Significant at a 5% level of Significance*						

3. Impact of SMFI CSR activities

Based on the ANOVA results, none of the values computed show any significant differences. This implies that regardless of age, sex, employment, monthly income, frequency of visiting, and number of branches visited, all were agreeable. Mean ranks were also computed to analyze the data further. According to the mean ranks computed, participants, regardless of age, sex, employment, monthly income, frequency of visits, and branch, had the same perception and agreed. There were only minor differences that were not statistically significant. Meanwhile, the highest mean was on Question number 10, with a mean of 4.122. Most participants agreed they would recommend companies with good reputations on CSR and Good Governance. A company's dedication to embracing moral and ethical business practices determines its reputation for Corporate Social Responsibility (CSR) and Good Governance. Companies dedicated to CSR and Good Governance generally go above and beyond mere adherence to national and international legal requirements. They work hard to have a beneficial influence on both the environment and their local communities. According to Clements (2010), increasing numbers of consumers can be categorized as ethical consumers since they judge a product not only on its own merits but also on the behavior of the firm that provides it. In light of this, engaging in corporate social responsibility (CSR) may be the right thing to do morally and benefit the business. Thus, the success of Jollibee in increasing its customers can be attributed to its good reputation for CSR and good governance.

4. Factors considered in Formulating the CSR Program of SMFI

The management is considering various things before developing CSR programs. "In today's competitive economic world, corporate social responsibility (CSR) programs must go beyond "doing good." The most successful CSR initiatives tell a company's story, implement customer and employee feedback, position a company as a leader on social issues, and guide how community investment is best spent. However, CSR programs must strategically align with a company's business model to achieve this. Corporate citizenship efforts are less likely to be successful and serve a long-term purpose if they do not demonstrate value to customers, employees, shareholders, and the community" (Morrissey, 2020). Table 2 shows that the overall mean was 4.51, and the SD was 0.80, under the "Strongly Agree" range, implying that participants strongly agreed that the mentioned factors were considered in formulating CSR programs. The highest meaning was noted in Q14, stating that they were considering team engagement in formulating CSR. The lowest mean was in the Q15 concerning external partnerships. The survey shows that the highest formulation of CSR is "company values," meaning that SMFI prioritizes the company's values. One's company values can help outline a brand, an expectation, and guidelines for how one wants to be remembered and represented. The foundation of an organization's existence, how social norms are established, and how choices are made to accomplish objectives and achieve its vision should all be based on its values. It must be sincere and reasonably focused so the team can relate to it. This is just as true for an organization as it is in people's personal lives. Sixty-three percent of customers say they prefer doing business with organizations whose goals align with their beliefs and values. Consumers will even go out of their way to avoid businesses that do not share their values, demonstrating that a company's core principles have internal and external implications. Meanwhile, on the ANOVA test, none of the values computed for the variables indicate significant differences. This means that regardless of age, sex, and monthly income, all agreed. On the other hand, all mean ranks computed do not show any significant differences, implying that regardless of age, sex, and monthly income, there were no significant differences.

Table 2. Factors Considered in Formulating the CSR Programs of the SMFI Mean and SD

Factors	Mean	SD	
11. In formulating CSR, we are considering the company values.	4.57	0.77	Strongly Agree
12. In formulating CSR, we are considering the community's needs.	4.53	0.73	Strongly Agree
13. In the formulation of CSR, we are considering the strategies of other companies.	4.43	0.86	Strongly Agree
14. In the formulation of CSR, we are considering team engagement.	4.63	0.81	Strongly Agree
15. In the formulation of CSR, we are considering external partnerships.	4.37	0.81	Strongly Agree
Total	4.51	0.80	Strongly Agree

*Strongly disagree 1.00 – 1.80, Disagree 1.81 – 2.60, Neutral 2.61 – 3.40, Agree 3.41 – 4.20, and Strongly agree 4.21 – 5.00

5. Hindrances affecting the implementation of the CSR Programs at SMFI

The overall computed mean was 4.01, and the SD was 1.15, which was under the range of Agree, implying that participants agreed that the mentioned hindrances were affecting the implementation of CSR. The highest mean was noted in Q16, stating that the most common hindrance to implementing CSR is a lack of participation. The lowest mean was in Q19, implying that human and financial resources were the least common among the hindrances mentioned. The highest result of the survey was a lack of participation; therefore, SMFI has to increase its CSR involvement. Corporations that lack participation need to measure their social impact, which prevents them from designing successful initiatives. According to the Kantar Purpose 2020 study, "there was a direct correlation between perceived positive impact and brand value growth. Companies that the public considers highly impactful demonstrated brand value growth of 175% over 12 years, while businesses with a low positive impact showed only 70% growth". Volunteering one's time (and the time of one's workers) to local organizations or participating in community activities says a lot about the company's integrity. One can demonstrate an interest in particular concerns and social causes when one's business performs good deeds without asking for anything in return. ANOVA showed values of 0.795 (age), 0.846 (sex), and 0.722 (monthly income), implying there were no significant differences in the participants' answers, and all strongly agreed. The computed mean ranks also showed no significant differences between the participants's answers.

6. The best good governance practice of SMFI

The overall mean was 4.54, and the SD was 0.92, which was under the range of "Strongly Agree," implying that participants strongly agreed that SMFI has good governance practices. The highest mean was noted in Q6 and Q7. Participants strongly agreed that the management of a company informs the purpose of its activities and the outcomes of its actions. With the same mean of 4.67, participants strongly agreed that the management ensures the execution of the duties of the board of directors. Communicating a firm's corporate governance is crucial to community and investor relations (Montalbo et al, 2015). The result indicates positive corporate governance initiated by the company's board of directors down to the managers and the rank-and-file employees. All personnel across all levels embody the Code of Business Ethics. New hires must undergo the employee onboarding program to disseminate the Ethics Code, and existing personnel are refreshed by the training sessions developed and implemented annually. Additionally, the company conducts its business in compliance with laws and regulations in the places it operates as part of its corporate governance practice. Based on the survey results, the group was able to integrate its corporate governance principles, including integrity, respect, fairness, and confidentiality, into its daily business dealings. Focusing on the ANOVA results found in Table 3, all the values computed were more outstanding than 0.05, implying no significant differences in the customers' answers and that all strongly agreed with the statements. Furthermore, the mean ranks for SMFI's good governance practices showed that the perceptions of the participants were similar.

Table 3. Best Good Governance Practice of SMFI Tested at 5% Significance Level

	Age	Sex	Monthly Income
Chi-Square	0.855	0.558	0.254
Df	3	1	1
Asymp. Sig.	0.836	0.455	0.614
a Kruskal Wallis Test			

7. Best CSR practice of SMFI

The overall mean was 4.45, and the SD was 0.90, which was under the range of "strongly agree," implying that participants strongly agreed that SMFI has the best CSR practices. The highest mean was computed on Q9, implying that participants strongly agree that the company is implementing CSR programs for employee and community relations. The survey result was "Strongly Agree," implying that Jollibee has a well-established relationship with its employees and customers. Companies must develop relationships with their workers and the community at large to foster a good reputation and market their goods and services. According to (Bello et al, 2021), "customer satisfaction, repurchase intent, and service quality are all directly and favorably impacted by perceived CSR". "Additionally, the influence of perceived CSR on repurchase intention is mediated (uniquely and sequentially) by service quality and satisfaction" (Bello et al, 2021). More so, consumer rights awareness modifies the impact of perceived CSR on opinions of service quality and willingness to make additional purchases. The ANOVA values were more outstanding than 0.05 which implies no significant differences. Similarly, the mean rank for the participant's perception also showed no significant differences.

IV.   CONCLUSIONS AND RECOMMENDATIONS

The following conclusions were drawn from the above-mentioned results of the study:

1. The general profile of the respondents was: out of 500 customers who participated in this research, participants were ages 15-25; it was noted that there were more female participants than male; participants were employed; most of the participants' income fell between P10,000 and below; and participants occasionally visited SMFI affiliated establishment - SM Cabanatuan.
2. The participants' preferences in identifying the SMFI CSR programs and activities were at the level of customer awareness that a company needs to have CSR and good governance.
3. The SMFI's impact on customers regarding its CSR program was that having a good CSR program can improve the company's image, and customers would recommend companies with a good reputation for CSR and Good Governance.
4. Factors considered in formulating the CSR programs of the SMFI were team engagement, company values, and the community's needs.
5. The hindrances affecting the implementation of CSR programs were the lack of participation in program implementation and transparency issues.
6. The best good governance practices of SMFI are that the management of a company informs the purpose of its activities and the outcomes of its actions, and the management also ensures the execution of the duties of the board of directors.
7. The best CSR practice at SMFI was implementing CSR programs regarding employee and community relations.

Based on the findings and conclusions, the following are recommended:

1. Further studies are needed regarding the hindrances affecting the implementation of CSR programs.
2. Further studies on strategies regarding CSR awareness in the community, specifically the new CSR programs of SMFI.
3. Further studies on the CSR programs of other companies to improve SMFI plans and for the company's program of work and development (Subia, 2020).

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