



Unveiling Corporate Social Responsibility in Philippine Microfinance Institutions: A Proposed Assessment Guidelines and Enhancement Activities

Kevin M. Rivera^{1*}

¹ College of the Immaculate Conception and University of the Cordilleras, Philippines

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Abstract

While sustainable communities are at the forefront of Microfinance Institutions (MFIs) objectives worldwide, a discernible inclination towards profit-seeking persists. This study presents an opportunity to refine MFIs' CSR-related activities and bolster community awareness of their unwavering commitment to Corporate Social Responsibility (CSR). Specifically, this research used proportional stratified random sampling for the employees and clients of ten microfinance institutions (MFIs) in the Philippines. However, due to the massive number of clients of MFIs, incidental sampling was considered and used in gathering data from the clients of the microfinance institutions. Employing descriptive design and t-test, the research unveils MFIs' primary focus on health programs, charitable works, youth and sports development, disaster and relief operations, and environmental sustainability. These compelling findings serve as a dependable foundation for the establishment of CSR assessment guidelines, empowering MFIs to propel community-driven sustainable development. Embracing targeted CSR efforts, MFIs can catalyze transformative change, nurturing resilient and thriving communities.

Keywords *Corporate social responsibility, microfinance institutions, sustainable communities, CSR-related activities, CSR assessment guidelines*

INTRODUCTION

Corporate Social Responsibility (CSR) goes beyond profit, focusing on benefiting communities and the environment. It enhances corporate goodwill, earning trust and loyalty from stakeholders. Effective CSR lifts community living standards by creating jobs, supporting local businesses, and investing in projects. It also emphasizes environmental protection and sustainability, recognizing the interconnectedness of business success and a healthy planet. Hence, the concept of CSR posits that for a business to thrive, the environment and community around it must also flourish. This principle underscores the interdependence between businesses and their broader contexts, in which sustainability is a long-term dynamic that must be addressed to meet various difficulties (Menina, 2023). It suggests that sustainable business success is rooted in a model where companies not only draw resources and support from their surroundings but also nurture and contribute positively to these environments.

In recent years, significant efforts have been undertaken to expand microfinance outreach, particularly in emerging economies (Chen et al., 2017). Microfinance, with its universal mission to empower low-income earners by providing access to institutional financial services, has emerged as a celebrated strategy for poverty alleviation and sustainable development (Marconatto et al., 2016). In this vein, the Philippine Business for Social Progress (PBSB) has been instrumental in shifting the perception of Corporate Social Responsibility (CSR) from mere philanthropy to a crucial driver of sustainable development. As the largest business-led NGO in the Philippines, PBSB operates at the convergence of corporate citizenship, sustainable development, and poverty

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Corresponding author's email: kmr28mba@gmail.com

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reduction, urging businesses to adopt strategic, long-term initiatives in societal concerns ([Philippine Business for Social Progress, 2021](#)).

Corporate Social Responsibility in the business context signifies a company's commitment to responsibly manage its operations' social, environmental, and economic impacts, aligning with public expectations. This involves reinvesting profits into health, safety, environmental programs, and supporting charitable causes. For microfinance institutions, being socially responsible goes beyond these typical activities; it includes contributing to environmental preservation and striving towards poverty alleviation and sustainable development. However, while integrating CSR into business operations brings multifaceted benefits, microfinance firms often focus on income generation, potentially neglecting CSR activities. Despite this, research suggests that a long-term commitment to CSR leads to more sustainable and financially viable institutions ([Žukauskas et al., 2017](#)).

Research objectives:

1. To determine the MFIs employees' assessment of their Corporate Social Responsibility-related activities and identify the significant or top Corporate Social Responsibility concepts of microfinance institutions conducted;
2. To discern the assessment of the Corporate Social Responsibility Concepts and related activities of the MFIs and test the significant difference between the evaluation of the employees and the clients of CSR activities of microfinance institutions and
3. To propose assessment guidelines and enhancement activities intended for MFIs.

This study is inspired by Carroll's CSR Pyramid, which encompasses economic, legal, ethical, and philanthropic responsibilities, to analyze CSR activities in microfinance institutions. It evaluates whether these activities align with the theory and suggests improvements. Despite the extensive research on CSR in microfinance institutions, a notable gap exists in understanding the alignment of these institutions' CSR activities with Carroll's comprehensive framework ([Carroll, 1991](#)). Furthermore, the extant literature often overlooks the comparative perspectives of employees and clients in assessing CSR's effectiveness. This study seeks to fill these gaps by conducting a detailed assessment of CSR-related activities through employee and client lenses, guided by the Corporate Social Responsibility Act of 2013.

The research endeavors to identify the top five CSR concepts adopted by microfinance institutions. An in-depth analysis of these concepts and comparing assessments by employees and clients are crucial components of the study. The aim is to illuminate the effectiveness of these CSR initiatives and their contributions to community development. This study aspires to offer valuable insights for the industry and society by exploring the nexus between CSR and community development. A comprehensive understanding of CSR-related activities, their impact, and areas for improvement will pave the way for a more inclusive and resilient path towards community development. This research aims to propose assessment guidelines and enhancement activities to bolster microfinance institutions' commitment to sustainable development, thereby uplifting the communities they serve.

LITERATURE REVIEW

The Corporate Social Responsibility (CSR) concept has evolved significantly, prompting businesses to reassess their societal roles. In his 1953 book, "Social Responsibilities of the Businessman," Howard Bowen's question was a pivotal moment that encouraged business owners to consider their obligation to contribute to societal betterment ([Bowen, 1953](#)). This marked the inception of the modern era of CSR, asserting that business corporations should actively work

towards social betterment.

A fundamental framework for CSR is the Triple Bottom Line approach, pioneered by John Elkington ([Zaharia & Zaharia, 2021](#)). This approach posits that companies should have three bottom lines or motivations: profit, social responsibility (people), and environmental responsibility (planet). It emphasizes the need for businesses to measure their performance not only in terms of financial profit but also their societal and environmental impact.

However, in 1970, Milton Friedman presented a contrasting perspective, stating that the sole social responsibility of business is to increase profits within the bounds of fair competition ([Friedman, 1970](#)). This traditional view prioritizes profit maximization above all else, sidelining social issues in the process.

Microfinance institutions (MFIs), as defined by the Microfinance Council of the Philippines, Inc. (MCPI), provide crucial resources to households with limited access to finance ([Chua & Tiongson, 2012](#)). Often, multiple MFIs operate in the same communities, although quantifying their exact numbers is challenging due to the absence of a comprehensive microfinance census in the Philippines. Nevertheless, data from the [Microfinance Council of the Philippines, Inc. \(2016\)](#) demonstrates these institutions' operational and financial stability.

Research conducted by [Rodriguez-Fernandez \(2016\)](#) indicates a positive relationship between CSR and financial performance. This suggests that CSR investment can improve financial results, highlighting the importance of balancing profit generation with social responsibility. Furthermore, corporate Social Responsibility extends beyond the pursuit of profit; it encompasses treating stakeholders ethically and contributing to economic development while enhancing the well-being of the workforce, families, local communities, and society at large ([Dahlsrud, 2006](#)). It transcends legal requirements, encompassing economic, legal, ethical, and discretionary expectations ([Carroll, 2016](#)).

The Stakeholder Theory of [Robert Freeman \(1984\)](#) underscores that a company's success hinges on satisfying all stakeholders, including employees, customers, suppliers, and the local community ([Donaldson & Preston, 1995](#)). Engaging in CSR activities can positively shape stakeholder perceptions. Hence, it is crucial to note that CSR is not merely a matter of rhetoric but of action. Effective implementation of CSR initiatives is vital to realizing their benefits ([Hasselback, 2014](#); [Frederiksen, 2018](#)). CSR activities can yield several positive outcomes, including fostering closer ties between corporations and communities, sharing the costs of environmental degradation, transferring technology to developing countries, undertaking environmental protection measures collaboratively, and alleviating poverty within communities ([Maimunah, 2009](#)). Implementing CSR initiatives should be responsive to the basic needs of local people ([Alexander et al., 2018](#)). Moreover, [Newman et al. \(2020\)](#) found a positive relationship between CSR engagement, firm efficiency, and community-level CSR initiatives. These community-focused CSR activities can enhance overall firm efficiency. A study by [Du et al. \(2010\)](#) highlighted the significance of stakeholders' awareness and perception of CSR activities. Limited awareness and unfavorable perceptions can hinder the potential benefits of CSR initiatives. Therefore, businesses, including microfinance institutions, should prioritize CSR and consider the perceptions of their clients.

The evolution of CSR thinking has expanded the traditional focus on profit to encompass social and environmental responsibility. Microfinance institutions, like all businesses, should embrace CSR not solely for profit but also to contribute to society. Implementing CSR activities should be tailored to the specific needs of the beneficiaries while also considering stakeholders' perceptions to maximize the advantages of CSR initiatives.

Figure 1 illustrates the key components of this study, including independent variables like the age, size, and client base of microfinance firms and dependent variables such as the CSR

pyramid and program evaluation criteria. The study aims to assess microfinance firms' CSR engagement and develop CSR assessment guidelines for improving their practices. This visual framework clarifies the study's approach to analyzing and enhancing CSR in the microfinance sector.

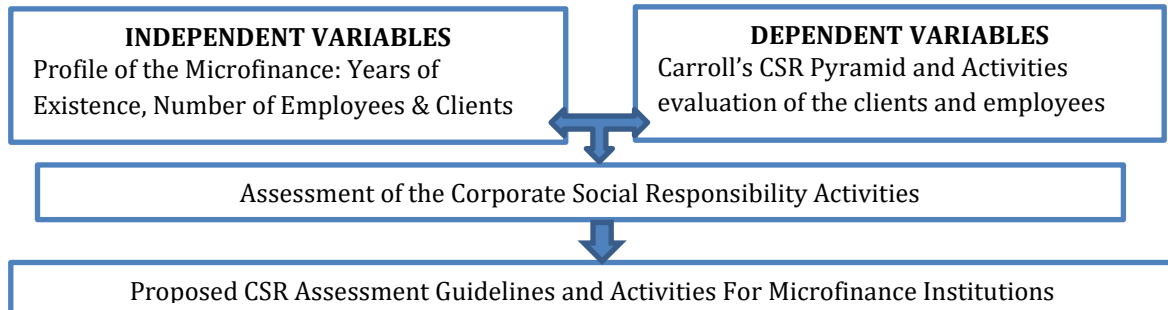


Figure 1. Conceptual/Research Framework

RESEARCH METHOD

A quantitative method was employed to investigate MFIs' CSR activities in pursuit of comprehensive and reliable research outcomes. The study involved careful data analysis, incorporating descriptive techniques such as frequency count, weighted mean analysis, and ranking of responses. These analytical procedures were instrumental in identifying and visually representing the top MFIs' CSR concepts implemented and assessing their employees' views regarding CSR activities. Furthermore, a t-test was conducted to ascertain any significant differences between the evaluations of MFIs' employees and their clients on CSR initiatives.

To ensure data accuracy, the self-made questionnaires were distributed online and onsite to target MFIs involving their employees within the targeted locale. Rigorous validation processes were implemented for the two sets of questionnaires, seeking valuable insights and feedback from experts and practitioners; their inputs proved instrumental in refining the instruments. Prior to conducting reliability tests, suggestions and comments were considerably incorporated into both questionnaires. Subsequently, Cronbach's Alpha statistical analysis (SPSS) was employed to assess instrument reliability. Notably, the initial reliability test included 30 employees and clients from four MFI institutions in the Philippines. The resulting Cronbach's alpha value of 0.751 indicated high internal consistency, affirming the instrument's reliability.

Table 1. Distribution of MFI's Employees and Clients

MFIs	Number of Employees	Sample	Number of Clients	Sample
1	50	8	2,000	10
2	15	2	3,000	15
3	30	5	2,500	13
4	40	6	5,000	26
5	10	2	3,000	15
6	15	2	3,500	18
7	60	9	3,000	15
8	11	2	2,500	13
9	30	5	2,000	10
10	25	4	1,500	8

Total	286	45	28,000	143
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Table 1 shows the distribution of MFIs' employees based on the sample size computation using Cochran's formula, while proportional stratified random sampling facilitated data collection from each microfinance institution's clients. Research consistently indicates that microfinance firms emphasize account volume, resulting in a substantial client base. In 2017, the Microfinance Council of the Philippines recorded 3.034 million active borrowers, with 2.459 million from credit cooperatives and only 1.23 million from banks (Cu, 2017, para. 4). Since the study aims to collect extensive data from these MFIs to examine their CSR activities from the perspective of those they serve, with clients being central stakeholders in microfinance institutions. Employee samples are intentionally smaller due to the primary focus on clients and community impact. Sample sizes were chosen based on practical factors like availability and alignment with research objectives. The study analyzes CSR practices in MFIs from both client and employee perspectives, considering their roles and practical data collection constraints. Moreover, the respondents' responses were particularly ranked based on a four-point Likert scale; weights and ranges were assigned to each point to assess MFI's CSR concepts and activities effectively.

Table 2. The profile variables of the microfinance institutions in terms of the number of years in existence, the number of employees, and their number of clients.

Years of Existence	Frequency	Percentage (%)
1 - 10 years	5	50.00
11 - 20 years	2	20.00
21 - 30 years	2	20.00
31 - 40 years	1	10.00
Total	10	100%
Number of Employees	Frequency	Percentage (%)
100 below	4	40.00
101 - 200	2	20.00
201 - 300	3	30.00
301 above	1	10.00
Total	10	100%
Estimated Number of Clients	Frequency	Percentage (%)
2000 below	3	30.00
2001 – 3000	4	40.00
3001 – 4000	1	10.00
4001 – 5000	2	20.00
5001 above	0	0.00
Total	17	100%

FINDINGS AND DISCUSSION

This study generally aimed to assess the corporate social responsibility activities of MFIs, determine the MFIs employees' assessment of their Corporate Social Responsibility Activities, identify the significant or top Corporate Social Responsibility concepts of microfinance conducted, discern the assessment of the Corporate Social Responsibility Concepts and related activities of the MFIs, test the significant difference between the evaluation of the employees and the clients of CSR activities of microfinance institutions, and propose guidelines and enhancement activities

intended for Microfinance Institutions.

Table 3. Summary of Employees' Assessment of their Corporate Social Responsibility Activities

Corporate Social Responsibility Activities	Average Weighted Mean	Verbal Interpretation
Economic Responsibilities	3.35	Strongly Agree
Legal Responsibilities	3.35	Strongly Agree
Ethical Responsibilities	3.73	Strongly Agree
Philanthropic Responsibilities	2.37	Disagree
Grand Weighted Mean	3.20	Agree

Legend:

Scale	Range	Verbal Description	Verbal Interpretation
4	3.25 – 4.00	Strongly Agree	These CSR concepts and activities are constantly used, observed, applied, or implemented and are parts of MFI.
3	2.50 – 3.24	Agree	These CSR concepts and activities have been considered, used, observed, applied, or implemented.
2	1.75 – 2.49	Disagree	These CSR concepts and activities have never been considered, used, observed, applied, or implemented.
1	1.00 – 1.74	Strongly Disagree	These CSR concepts and activities strongly oppose being a part of MFI.

Presented in Table 3, the assessment of employees of microfinance institutions on their Corporate Social Responsibility Activities conveyed that Ethical Responsibilities got the highest weighted average mean of 3.73, which verbally described as Strongly Agree and construed that these CSR concepts and activities are constantly used, observed, applied, or implemented and are an integral part of MFI operations, while Philanthropic Responsibilities earned the lowest average weighted mean of 2.37 verbally described as Disagree and interpreted that this CSR concept and activities have never been used, observed, applied or implemented. The study inferred that most microfinance institutions focus on their Ethical Responsibilities as businesses. Meanwhile, according to [Kleyn et al. \(2012\)](#), a strong corporate ethical identity is positively related to high levels of stakeholder satisfaction. Thereby, firms tend to focus on their ethical activities to gain their stakeholders' approval. Before a business considers its philanthropic options, it needs to meet its ethical duties first. However, the philanthropic responsibilities of the firm should not be neglected. According to [Camilleri \(2017\)](#), the risk of losing profits motivates entrepreneurs to refrain from conducting CSR-related activities; the risk of ignoring CSR is very likely to outweigh the risk of profit loss.

Table 4. Ranking of Corporate Social Responsibility Concepts of the Microfinance Institutions

Corporate Social Responsibility Concepts	Frequency	Rank
Health Development	164	1
Charitable Purposes	163	2
Youth and Sports Development	132	3
Disaster and Relief Assistance	122	4
Environmental Sustainability	114	5
Scientific Purposes	86	6
Services to Veterans and Senior Citizens	79	7
Cultural and Educational Purposes	78	8
Social Welfare	61	9

Particularly indicated in Table 4 is the ranking of the corporate social responsibility activities as answered by the employees of the microfinance institutions, which demonstrated that the activity "Health Development" ranked number 1 with a 164 frequency count, followed by

"Charitable" with 163. The third-ranked CSR activity is "Youth and Sports Development," with a 132 frequency count, followed by "Disaster and Relief Assistance," with 122 as number four. Number five on the list is "Environmental Sustainability, with 114 frequency count. The study indicated that most microfinance institutions are focused on health development programs; the [OECD Development Assistance Committee \(2020\)](#) calls for sustained actions to address the immediate public health crisis and simultaneous support for economic, environmental, and social resilience. Also, the findings denoted that most microfinance institutions give lesser attention to their social welfare activities; however, according to [Smith and Lankonski \(2018\)](#), profit is maximized through social welfare contributions; thus, microfinance institutions need to work also in their social welfare activities.

The findings revealed that while employees believed their MFIs' health development programs benefited the community, clients thought otherwise. Most microfinance firms implement health development programs, but some do so for a limited time due to a lack of funding resources or because the majority of these firms are profit-driven; hence, the clients are indifferent to the effects and benefits. Accordingly, if health programs and policy interventions are not implemented effectively, they cannot have their intended effects on improving population health and reducing health inequities ([Krisberg, 2010](#)).

More so, the results inferred that corporations use their charitable efforts to improve their competitive context. According to [Eger et al. \(2017\)](#), improving the competitive context enables the company not only to give money but also to leverage its capabilities and relationships in support of charitable causes. Furthermore, the study by [van Iwaarden et al. \(2009\)](#) showed that charities do not have standardized reporting systems in order to inform their donors about their performance. Based on this research, it can be concluded that there is a need for the management of charities to develop internal efficiency measures and external effects of their activities.

The results further established that MFIs' sports programs seem relevant, supported by the research of [Balish & Côté \(2013\)](#), who specified that sports programs' value on the community should not be overlooked, for these profoundly impact individuals and communities. However, in research from [Fonceca and Jebaseelan \(2017\)](#), firms prefer to contribute to welfare programs under health, education, and relief. Thus, disaster and relief operations are one area microfinance institutions focus on. The efficiency of disaster relief operations depends on the quality of preparation, resulting in the efficient use of resources and sustainability of CSR-related activities ([Khojastehpour & Johns, 2014](#)). Microfinance institutions should have a well-planned disaster relief plan to save resources and have efficient relief operations.

Additionally, the results showed that employees believed MFIs' environmental programs were appropriate, while clients observed otherwise. According to [Fáilte Ireland \(2011\)](#), Environmental Sustainability in Business, if a business acts on environmental sustainability, it will have a head start over many competitors. This suggested that microfinance institutions should improve their environmental sustainability programs for their clients to recognize their importance and for businesses to gain a competitive advantage.

Table 5. Summary of the Respondents' Assessment of the Corporate Social Responsibility Concepts of the Microfinance Institutions

Corporate Social Responsibility Concepts	Employees		Clients	
	Weighted Mean	Verbal Interpretation	Weighted Mean	Verbal Interpretation
Health Development	3.00	Agree	1.88	Disagree
Charitable Purposes	3.52	Strongly Agree	1.78	Disagree
Youth and Sports Development	3.22	Agree	1.98	Disagree

Disaster and Relief Assistance	3.35	Strongly Agree	1.76	Disagree
Environmental Sustainability	3.14	Agree	1.97	Disagree
Overall Weighted Mean	3.25	Strongly Agree	1.87	Disagree

Legend:

Scale	Range	Verbal Description	Verbal Interpretation
4	3.25 – 4.00	Strongly Agree	These CSR concepts and activities are constantly used, observed, applied, or implemented and are parts of MFI.
3	2.50 – 3.24	Agree	These CSR concepts and activities have been considered, used, observed, applied, or implemented.
2	1.75 – 2.49	Disagree	These CSR concepts and activities have never been considered, used, observed, applied, or implemented.
1	1.00 – 1.74	Strongly Disagree	These CSR concepts and activities are strongly opposed to being a part of MFI.

As shown in Table 5, the summary of the respondent's assessment of the Corporate Social Responsibility Concepts of the Microfinance Institutions exhibited the MFI employees' verbal rating of strongly agree with an overall weighted mean of 3.25 on the implementation of the CSR concepts. The Charitable Purposes and Disaster and Relief Assistance indicators conveyed employees' verbal rating of strongly agree, while Health Development, Youth and Sports Development, and Environmental Sustainability indicators earned employees' verbal rating of agree. In contrast, the clients' rating presented an overall verbal rating of disagreeing, interpreted as the CSR concepts and activities have never been used, observed, applied, or implemented, with an overall weighted mean of 1.87.

The results suggested that MFIs focus on their charitable programs, disaster and relief operations, and youth and sports development programs. MFIs prefer to contribute to these programs; hence, their employees strongly agree that their activities under these programs are well implemented. However, these programs are not well appreciated by the clients. According to Mazumder (2021), to further improve the quality of life of the beneficiaries and for them to appreciate what you give to them, they must participate in these societal activities; thus, these should be a joint effort with the clients.

Table 6. Result of the Test of Difference between the Respondents' Assessments of the Corporate Social Responsibility Activities of Microfinance Institutions

Corporate Social Responsibility Concepts	Average Weighted Means		Computed t-Value	Critical Value at $\alpha = 0.05^*$
	Employees	Clients		
Health Development	3.00	1.88	52.068	1.963
Charitable Purposes	3.52	1.78	146.390	1.963
Youth and Sports Development	3.22	1.98	77.168	1.963
Disaster and Relief Assistance	3.35	1.76	180.267	1.963
Environmental Sustainability	3.14	1.97	91.714	1.963

Note: $*p < .05$

Exhibited in Table 6, the result of the test of the difference between the respondents' assessments of the corporate social responsibility concepts of the microfinance institutions provided the computed t-values of 52.068, 146.390, 77.168, 180.267, and 91.714 in terms of health development, charitable purposes, youth and sports development, disaster and relief assistance, and environmental sustainability respectively. All the variables were greater than the critical value of 1.963. Thus, "there is a significant difference between the evaluation of the employees and the clients of CSR-related activities of microfinance institutions". The significant difference denoted that the employees and clients had different views of microfinance institutions' corporate social responsibility concepts. Since employees of microfinance institutions

are the ones who implement CSR-related activities, they have more engagement and involvement than clients who are merely receiving random or partial benefits.

The findings also agreed with the study of [Fonceca and Jebaseelan \(2017\)](#) on the Effectiveness of CSR Programmes, which established that there is a difference of opinions with regard to the employees' and the beneficiaries' perspectives concerning the CSR-related activities of the organization. Although beneficiaries were happy with the programs conducted by the organization, there were mismatches between expectations and reality from what they received. Also, [Hsu & Bui \(2022\)](#) indicated that the consumers across the areas were not concerned about CSR aimed toward shareholders, while all consumers considered CSR aimed toward themselves. Thus, consumers are more likely to support companies engaging in activities to improve society ([Sotomayor, 2022](#)). In this regard, microfinance institutions in the Philippines should improve their CSR activities so that beneficiaries will recognize these programs. Improved CSR-related activities can help microfinance institutions to have improved public image, consistent with the understanding of [Marcelo \(2023\)](#) that the image is important because it influences not only choice but also their level of satisfaction, brand awareness, increased customer and employee engagement; similar to the findings of [Mondejar and Asio \(2023\)](#) that career development, leadership, and work-life balance are the most significant factors affecting employee engagements and better market performance.

Proposed Assessment Guidelines and Enhancement Activities for Microfinance Institutions

Monitoring should focus on CSR assessment guidelines and activities to ensure the consistency of non-financial services offered by microfinance institutions. These efforts aim to achieve several key outcomes, including financial growth, legal compliance, enhanced work performance, and improved corporate social image. Positive client feedback and improved corporate image result from Health and Development and Charitable Purposes activities. Youth and Development activities aim to enhance the mental and physical health of the youth. Disaster and Relief Operations and Environmental Sustainability activities target the reduction of casualties during disasters and immediate recovery, as well as minimizing waste-related disasters. Tables 7 and 8 outline the proposed assessment guidelines, enhancement activities, and other relevant indicators.

Table 7. Proposed Corporate Social Responsibility Assessment Guidelines & Enhancement Activities (Assessed by Employees)

Objectives & Improvement Item	Activities & action steps	Collaborative Strategies	Time Coverage	Responsibility Center	Monitoring Scheme	Success Indicators
To finance small firm's operations <i>Economic</i>	- Development of loan products with flexible payment terms and reasonable pricing. -Consider other types	-Form partnership with other private enterprise to improve loan products and provide clients with other services	- Continuous research and development of loan products and other services	-The Marketing Division should be responsible for developing new loan products that depend on the needs of the clients -The Finance Division should oversee that	-The Finance Division should monitor whether their new loan product is earning profit -	-Renewal of clients on the same loan product will be noticed, and new clients will avail of the said loan product

	of businesses and not only focus on retail businesses.			they can finance the needs of the clients accordingly and on time	Assessme nt of the client business before and after obtaining the loan product, if the new loan product helps the business process	from the same community
	- Establishin g other promos like loan refunds and check rediscounti ng.					
To have proper documentatio n in business operations	-Outsource an external auditor to process business registratio ns and other documents needed in operations.	-Coordination with external auditor and lawyer to be updated on the most recent law covering the operations of MFIs	-Updating company records and keeping track of registration of vehicles and licenses should be done monthly	-The Human Resource Division should be in charge of monitoring the registration of vehicles and license validity.	-Deadline should be set to monitor whether the company is behind the deadlines already	-Up-to-date complianc e and renewal of business registratio n and licenses
<i>Legal</i>	-Updating of company's records and licenses in all branches. - Keep track of the validity of all employees' motor vehicle registratio ns together with their correspon ding driver's licenses.		-Updating of the company's licenses should be done annually	-The Board of Directors should oversee the yearly registration of the company and any other legal commitments of the company		-Seamless operations due to complete papers of field personnel

To improve the compensation and benefits of employee	-Annual increases of the employees should be given. -SSS, PAG-IBIG and Philhealth contributions should be made by the company - Mandatory bonuses, incentives, and rewards should also be provided.	-Seek assistance from the Department of Labor and Employment to be updated on the benefits that should be provided to the employees	-Mandatory monthly contributions are remitted monthly -Salary increases and other incentives are reviewed and given annually	-The Human Resource Division should be in charge of maintaining records of the employees -Board of Directors should oversee that the operations can handle the annual salary increase - The Finance Division should oversee providing salary on time and remittance of contributions	- Mandator y contributions are strictly monitored if remitted on time -Salary increase is communicated properly with the concerned individual - Incentive s are given, and the source of the incentive is clearly stated	Increased work performance of the employees which will translate to increased profitability of the firm.
<i>Ethical</i>						
Increased work performance of the employees, which will translate to increased profitability of the firm	-Provision of livelihood programs for the clients to help them recover financially. A disaster relief plan should be formulated -Issuance of financial assistance programs	Collaboration with local government units in times of natural disasters like typhoons and floods in the provision of relief goods and stress debriefing seminars.	Activities should be done immediately during the times of natural disasters and other fortuitous events	-The Human Resource Division should oversee the availability of manpower for the conduct of these programs and the formulation of a disaster relief plan -The Finance Division should oversee the availability of emergency	- Emergen cy funds should be monitored monthly if available - Assessme nt of the programs should be done every after	Increased corporate image of the firm, which will eventually translate to patronization of the clients and increased goodwill.
<i>Philanthropic.</i>						

for affected families.	funds for these programs	impleme ntation
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Source: Author

Table 8. Proposed Corporate Social Responsibility Assessment Guidelines & Enhancement Activities (assessed by Clients)

Objectives & Improvement Item	Activities & action steps	Collaborative Strategies	Time Coverage	Responsibilit y Center	Monitori ng Scheme	Success Indicators
To heighten the impact of health development programs	- Acquisition of a private physician or doctor to supervise health development programs (outsourci ng)	-Seek assistance from the local government at the barangay level to facilitate health development programs	-Health programs should be implemente d continuously yearly in a specific community or barangay.	-The Human Resource Department should manage the implementati on and monitoring of CSR activities	-Providing a matrix that will monitor the impact of health programs on the participan ts	-Positive impact on the clients - Improvement of the general health of the community
Health Development	-Monthly provision of medicines or vitamins for the children in a specific community (One community at a time)	-Form a partnership with the Municipal Social Welfare Development Office to create programs that will specifically address the barangay health problems	-Physician or doctor should visit the community bi-monthly	-The Finance Division should set a budget and monitor the actual expenses incurred for the health development programs		-Active participati on of clients in the health developme nt programs
To have sustainable charitable works for the community	-Adopt a charitable institution for a certain period (1 year at least)	Form partnerships with other private companies who can provide additional resources, such as additional	-Charitable works should be done for at least a year to have an impact on the charitable institutions chosen	-The Human Resource Department should manage the implementati on and monitoring of CSR activities-	-	-Positive feedback from the clients
Charitable Purposes	-Promote the charitable			Board of Directors	Assessme nt of the overall welfare of the charitable institution in order to proceed	-Increased corporate image of the firm. -Additional donations from other

	works that the company is doing through social media. -Seeking financial assistance to the stockholders of the firm or other investors as donations in order to sustain its charitable works	manpower and donations, for the success of the activity.		should monitor the appropriation of budget for the charitable works of the organization	to the next organization.	private individuals who support the firm's charitable works
To have efficient youth and sports development programs	-Conduct sports clinics for different kinds of sports that youth generally enjoy to develop youth's sportsmanship	-Alliance with the local government units, such as the barangay halls, to help implement the youth and sports programs.	-Sports clinic should be conducted at least twice a year	-The Human Resource Department should manage the implementation and monitoring of CSR activities	-	-Improved mental and physical health of the youth.
Youth and sports development programs	-Sponsor sports league on basketball and volleyball to develop the youth's team spirit	-Partnership with local sporting goods manufacturers to provide sports equipment and machinery to the barangays.	-Sports leagues on basketball and volleyball should be done once a year	-Operations Division should oversee the conduct of the sports clinic and should help in the implementation of the sports league	Assessment of the sports clinic programs if they are appreciated by the participants	-Active participation of youth in the sports programs
		-Prizes such as trophies and cash should be	-MFI should conduct these programs 1 barangay per year	-	Assessment by the participants of the sports leagues if they are properly implemented	

		acquired through donations from the company's stakeholders.				
To heighten the impact of disaster and relief operations	-Focus on flood or disaster-prone areas.	-Form partnership with the DSWD (Department of Social Welfare and Development) and NDRRMC (Natural Disaster Risk Reduction and Management Council) in conducting disaster and relief operations and stress debriefing seminar	-Should be done immediately when the need arises and	-The Human Resource Department should manage the implementation and monitoring of CSR activities	-Assessment from the beneficiaries if they appreciate the disaster and relief operations conducted by the company	Reduction of casualties during natural disasters and immediate recovery of affected areas
Disaster and relief operations	-Provide stress debriefing seminars after the disaster or natural calamity occurred.			-The board of Directors should monitor the appropriation of the budget		
				-Operations Division should oversee the conduct of relief operations and manpower for the distribution		
To have effective environmental programs	-Tree planting programs and other environmental programs should be done regularly	-Coordination with the DENR (Department of Environment and Natural Resources) in the implementation of environmental programs	-Tree planting should be done once a year	-The Human Resource Department should manage the implementation and monitoring of CSR activities	-Firms should have monthly visits to see if the environmental programs they conduct are effective.	-Reduction of waste and other waste-related disasters such as flash floods in a certain community.
Environmental Sustainability	-Seminars in the barangays regarding proper waste	-Partnership with the local government at	-Monitoring of the tree planting effects should be done all year round per barangay	-Operations Division should oversee the effects of tree planting programs and		

segregatio n and clean-up drives should be done regularly. -Provision of environme ntal programs in the barangays to maintain the community 's cleanliness.	the barangay level to address the environmenta l problems encountered by their barangay.	should conduct visits to see if other environmenta l programs are effective
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Source: Author

CONCLUSIONS

Microfinance Institutions (MFIs) play a vital role in sustainable development through their CSR activities, acting as a conduit to uplift impoverished clients. Achieving financial sustainability and accessing commercial capital are essential for MFIs to effectively serve the underserved ([Quartey & Kotey, 2019](#)), aligned to [Haq et al. \(2023\)](#) statement that capital expenditure is known to play an important mediating role in stimulating economic growth by facilitating economic activity, attracting private investment, and creating jobs. CSR-related activities, financial sustainability, and client satisfaction are key factors contributing to sustainable development.

An assessment reveals that MFIs' employees perceived CSR initiatives' consistent implementation and public benefits, while clients often do not feel the positive impacts. To optimize CSR activities, unified assessment guidelines based on regulation and guidance are recommended to elevate financial literacy, rights awareness, and community awareness ([Morshed et al., 2020](#)). This will promote sustainable development.

Implementing the proposed CSR-related activity guidelines can address employees' and clients' concerns, strengthen the corporate image, and attract more clients. Collaboration with other firms, NGOs, and government agencies can expand CSR reach. Emphasizing both internal CSR (employee welfare) and external CSR (client servicing and fair financial products) through ethical practices can have a positive impact on staff and clients.

MFIs can also support local livelihood programs to create mutually beneficial outcomes. Further research is needed to explore sustainable CSR activities and programs that drive lasting positive change. This study encourages MFIs to enhance their CSR initiatives, aligning financial goals with social responsibilities to cultivate a positive public perception and contribute to community welfare and sustainable progress.

LIMITATION & FURTHER RESEARCH

This study focused on evaluating microfinance institutions' Corporate Social

Responsibility (CSR) activities and proposing CSR assessment guidelines for monitoring non-financial services. "Carroll's CSR Pyramid" was used as an assessment framework, and the top five CSR activities were identified and evaluated among accredited and legally recognized Microfinance Institutions (MFIs) in the Philippines.

Future research could explore the specific impact of MFIs' CSR activities on impoverished clients and sustainable development through qualitative interviews and surveys. Longitudinal studies could assess the long-term effects of CSR efforts on clients and communities, while comparative studies could evaluate the effectiveness of different CSR strategies. Such research would refine CSR practices within the microfinance industry and contribute to resilient and thriving communities.

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