

INCLUSIVE GROWTH AND ITS IMPLICATIONS TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

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National Convention on Statistics
October 2, 2019

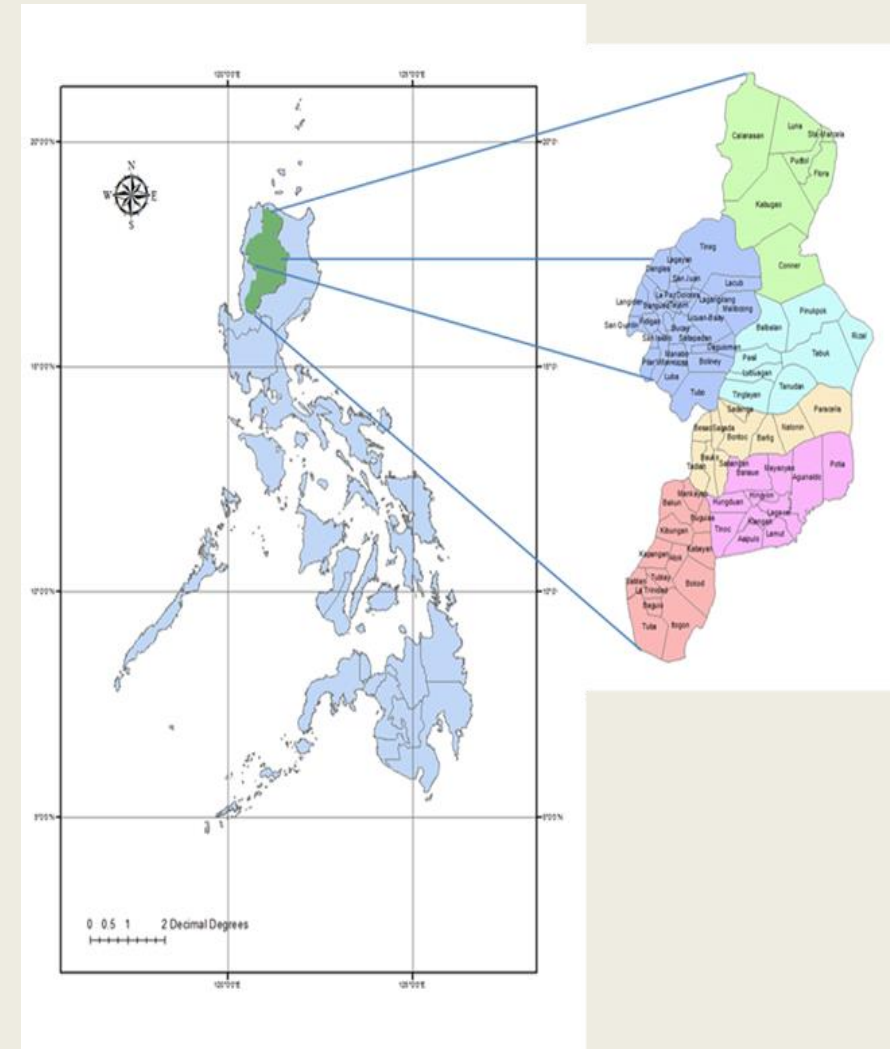
INTRODUCTION

Objectives of the Study

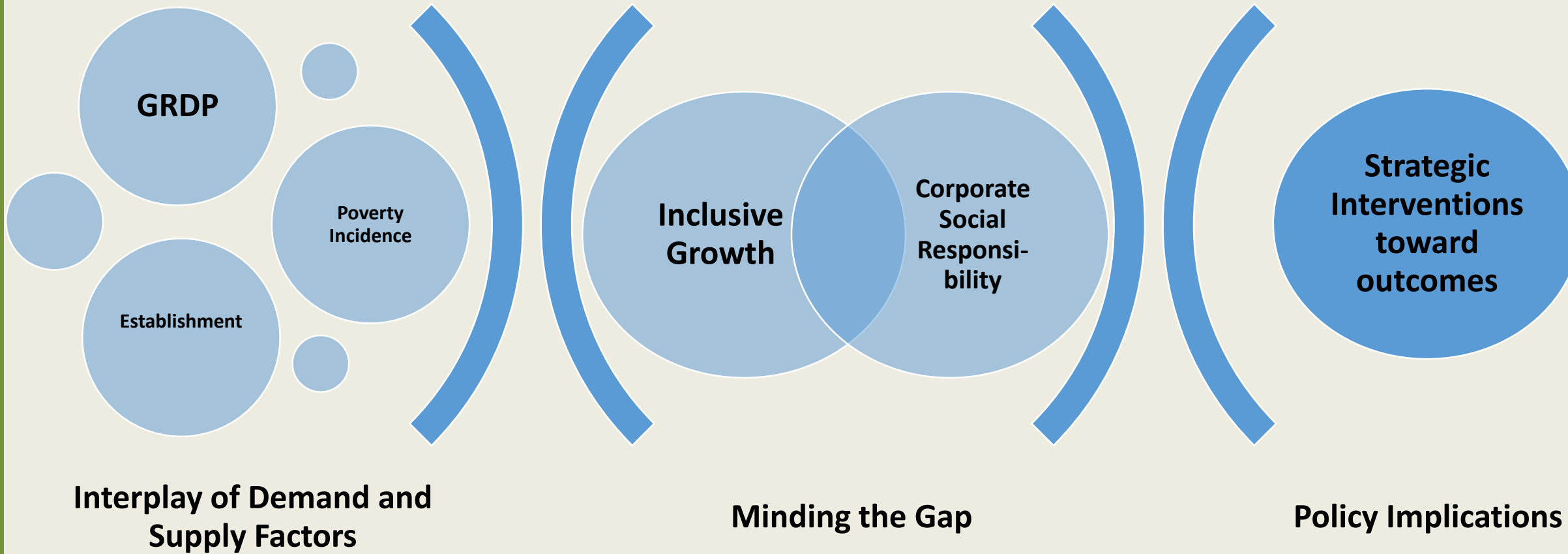
To identify the implications of inclusive growth in the implementation of CSR in CAR.

Specific Objectives:

- To determine the policy gap between demand and supply by:
 - ❖ Analyzing inclusive growth as demand of corporate social responsibility;
 - ❖ Analyzing establishments as the supplier of corporate social responsibility;
- To identify and recommend strategic interventions.



Framework of Analysis:



Inclusive Growth:

**Societal Outcome:
Poverty incidence**

**“NO ONE LEFT
BEHIND”**

*“trickle –down
effect”*

**Economic
Growth:
G R D P**

**Corporate
Social
Responsibility**

*CSR is the continuing
commitment by
business
establishments to
contribute to economic
development while
improving the quality of
life of the workforce
and their families as
well as the community
and society at large
(www.wbcsd.org)*

*Positive
association of
economic growth
with business
sectors’ earnings
(BW, 2019)*

*CSR is the responsibility
of the enterprises for their
impacts on society (ILO)*

Establishments/Enterprises



Data Collection and Analysis:

- The study is a descriptive study that used secondary data, primarily, time series analysis for the computation of growth rate and percentage change/percentage points change, percentage distribution/share, and ratio and proportion.
- The gap analysis yielded 15 recommendations using review of related literature, document review, focus group discussion (FGD), and key informant interviews.
- The result of the FGD responded to the etic and emic views of identifying programs and projects for the vulnerable sector. The open space technology facilitation tool, Delphi method, PESTEL, and SWOT were used during the FGD.

Gross Regional Domestic Product, By Industrial Origin Cordillera Administrative Region : 2015-2017 At constant Prices

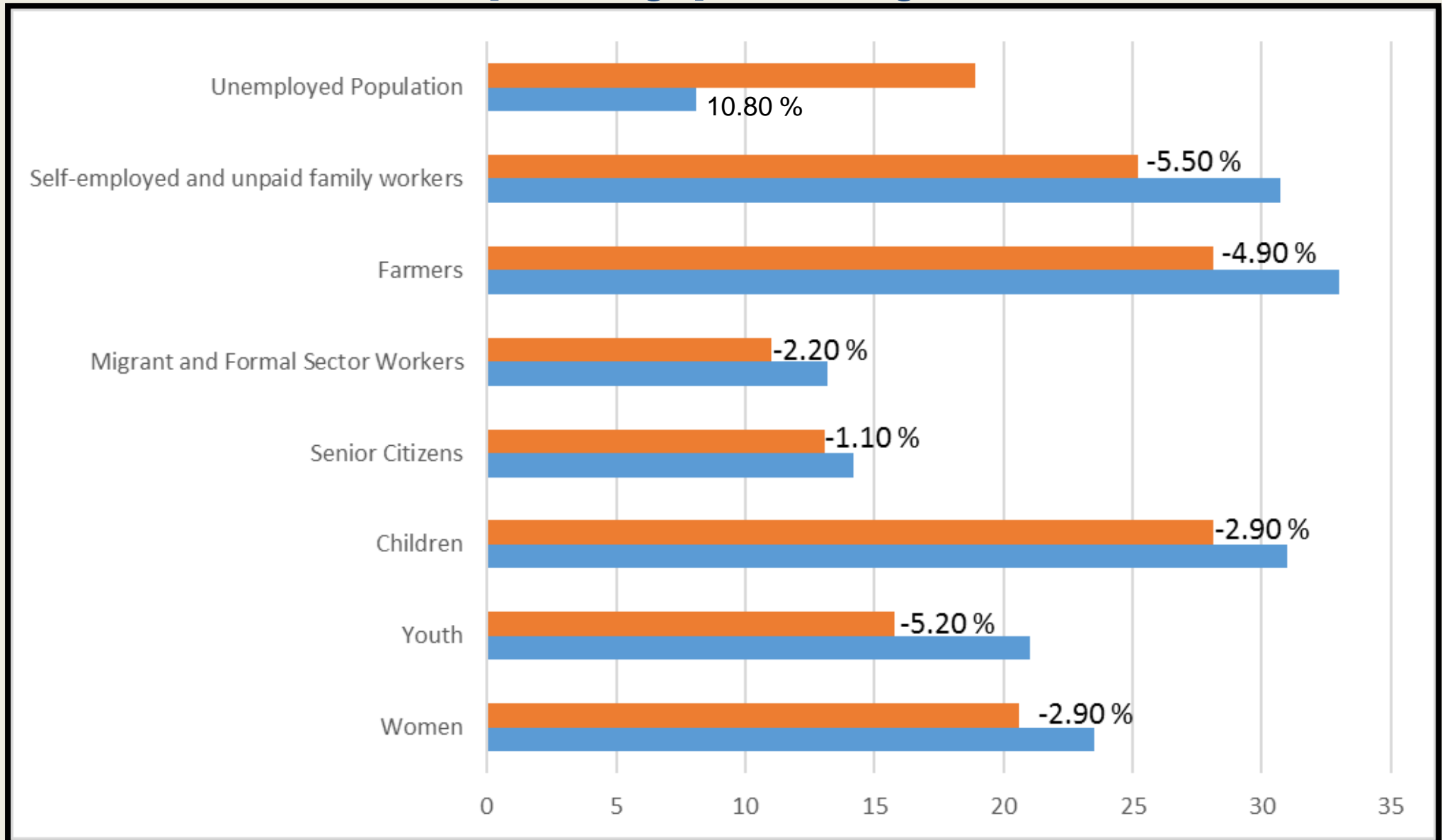


Poverty and Subsistence Incidence Among Population Cordillera Administrative Region: 2012-2015

Indicator	Year		Percentage Points Change
	2012	2015	
Poverty Incidence Among Population	22.8	19.7	(4.75 %)
Subsistence Incidence Among Population	10.0	7.0	(11.21 %)

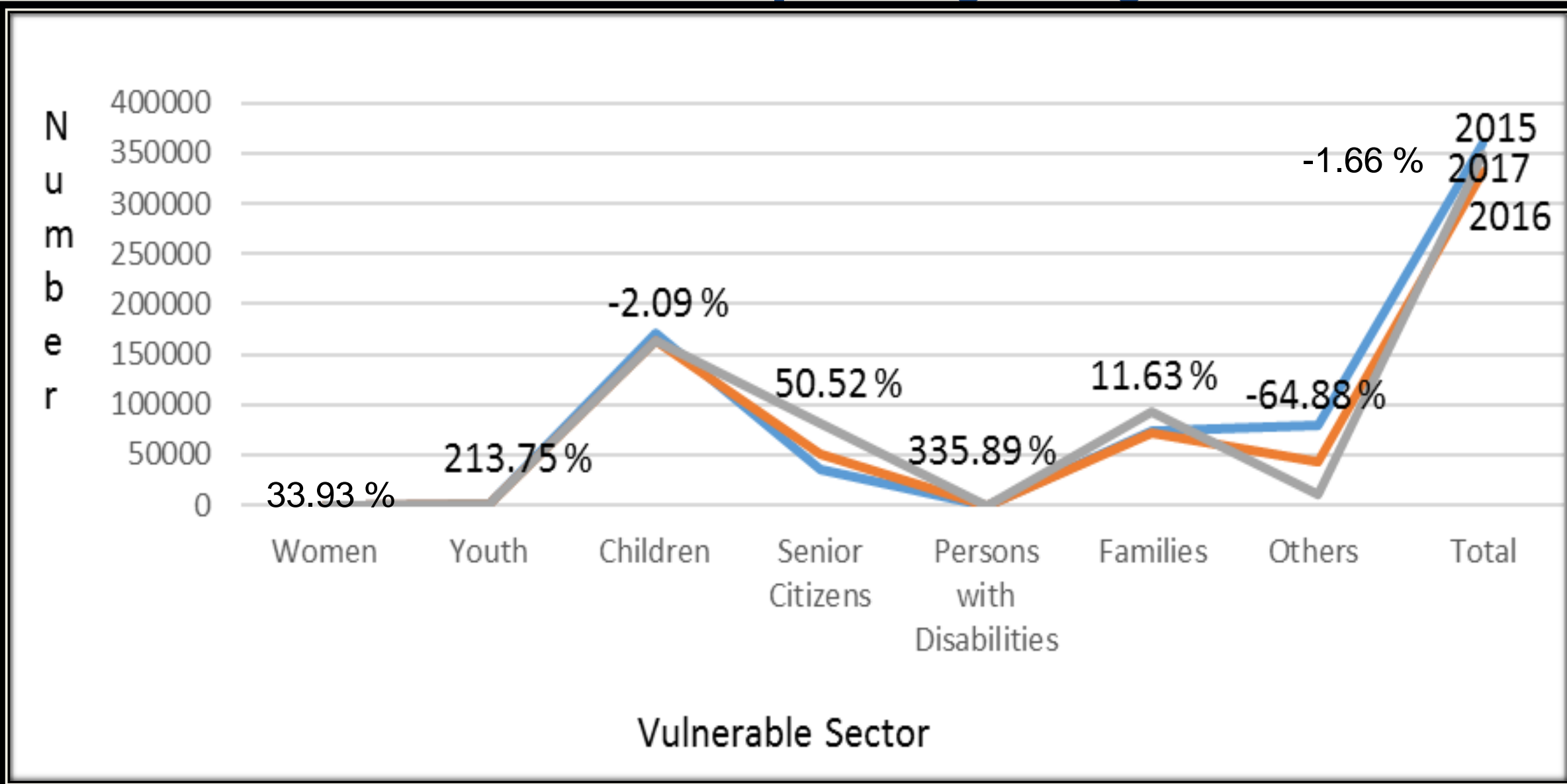
Basic source of data: PSA website

Poverty Incidence for Basic Sectors Cordillera Administrative Region: 2012- 2015 (in percentage points change)



Basic source of data: PSA website

Number of Vulnerable Sectors Assisted CAR: 2015-2017 (in percentage change)



Number of Business Establishments

CAR: 2014-2016

Sector	Years			Percentage Change
	2014	2015	2016	
AFF	48	46	55	7.04
Industry	2,197	2,211	2,355	3.53
Service	16,022	15,862	16,942	2.83
CAR	18,627	18,198	18,992	1.97

Source: RSET 2017

No. of Establishments and Employment, by Size

CAR: 2016

Size	Establishments	Percent Share	Employment	Percent Share
Micro	17,690	93.1 %	46,155	43.2 %
Small	1,220	6.4 %	24,087	23.2 %
Medium	37	0.2 %	4,857	4.5 %
Large	45	0.2 %	30,969	29.0 %
Total	18,992	100.0 %	106,788	100.0 %

Micro: 1-9 employees;

Small: 10-99 employees;

Medium: 100-199 employees;

Large: 200 employees;

Percentage Points Change: CAR:2015-2016

%age Points Change	Establishment				Employment			
	M	S	M	L	M	S	M	L
201 above		1					2	1
176- 200	1							
151- 175								
126- 150					1	1		
101- 125								
76- 100		1	1					
51- 75								
26- 50	1		1	3	1			
1- 25	10	7		2	14	5	1	2
0	2	2	2	2				
- 1- - 25	1	6	1		1	8	2	2
-26- - 50			3	2		2	3	
-51- - 75								
-76- -100				1				

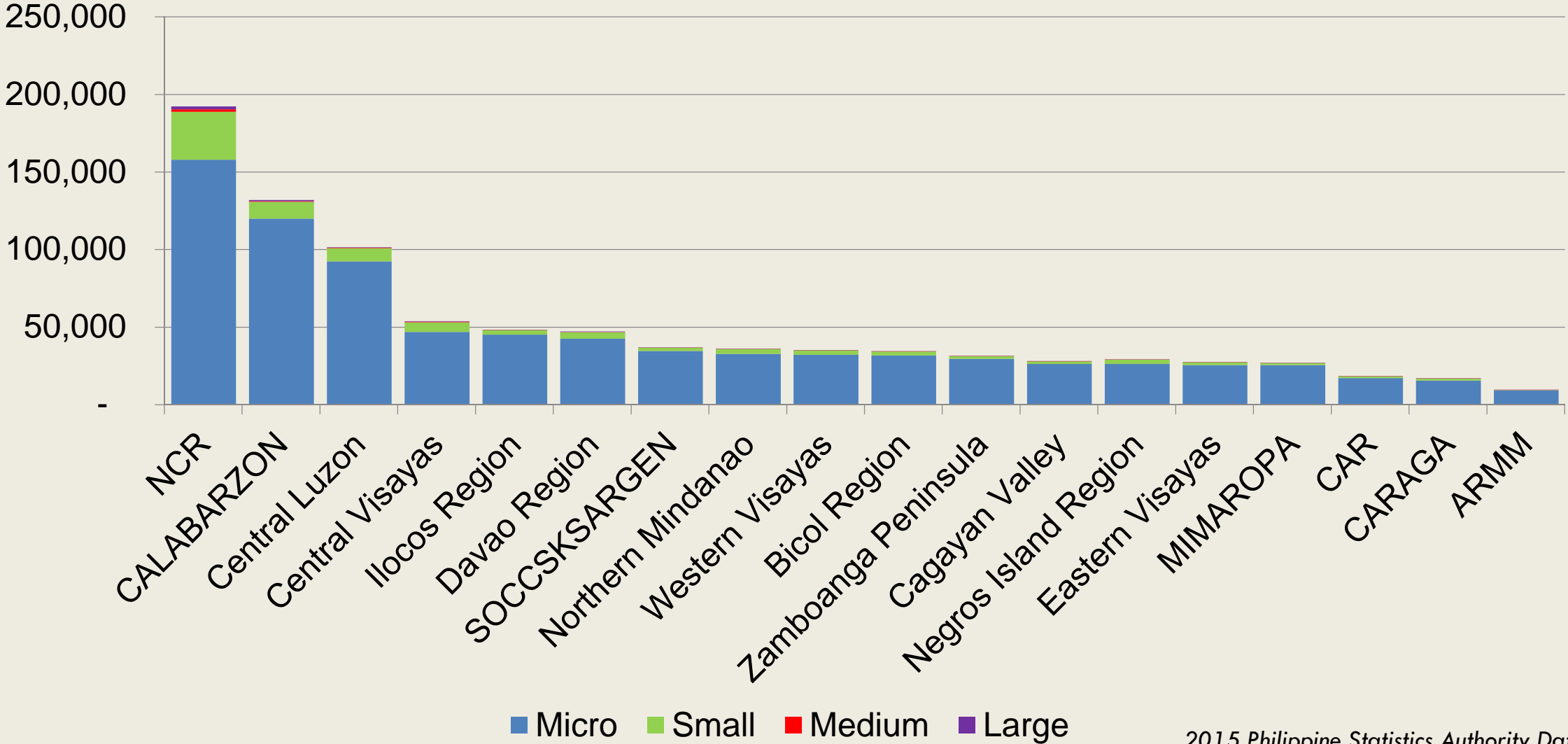
Source: RSET 2017

Capitalization:

Category	Total Asset Value*
Micro enterprises	Up to Php 3,000,000
Small enterprises	₱ 3,000,001 – ₱15,000,000
Medium enterprises	₱15,000,001 – ₱ 100,000,000

Source: Magna Carta for Micro, Small, and Medium Enterprise

Distribution of MSMEs by Region



POLICY IMPLICATIONS

Corporate

Social →

Responsibility



1. Invest in Corporate Social Responsibility (CSR)



- CSR is doing the right thing (Asbury and Ball, 2016)
- It is here to stay, embraced by almost all!
- As shown in VMGO, branding, code of ethics, core values, and corporate governance (Top 500 companies)
- Investing in CSR means allocating funds for its implementation; not “lip service”

2. Align CSR to the int'l commitment, nat'l priorities, and local thrusts



The Life We Want



Matatag

- Living together with family
- Time with family and friends (work/life balance)

Maginhawa

- Freedom from hunger and poverty
- Guaranteed mobility
- Secure home ownership
- Travel and vacation opportunities

Panatag

- Resources adequate for day-to-day needs and unexpected expenses
- Security of place
- Passive income during retirement



PAGKILALA SA KATAWAGAN AT KAHUSAYAN NG PANAHALANG LOKAL



Competitiveness Ranking Categories



3. Push innovation among micro, small and medium enterprises (MSMEs)

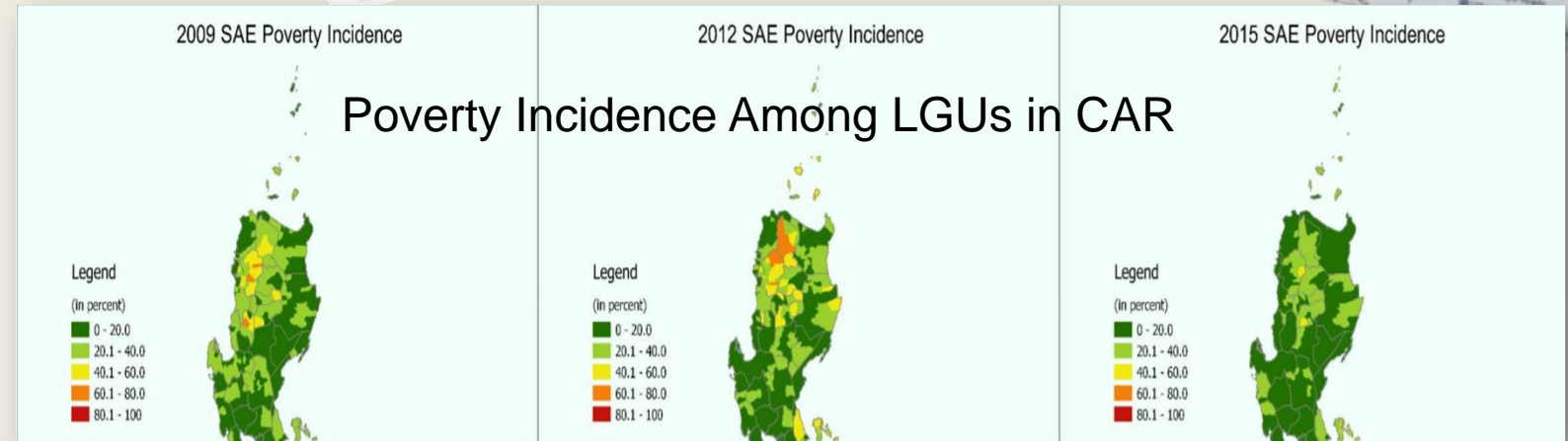
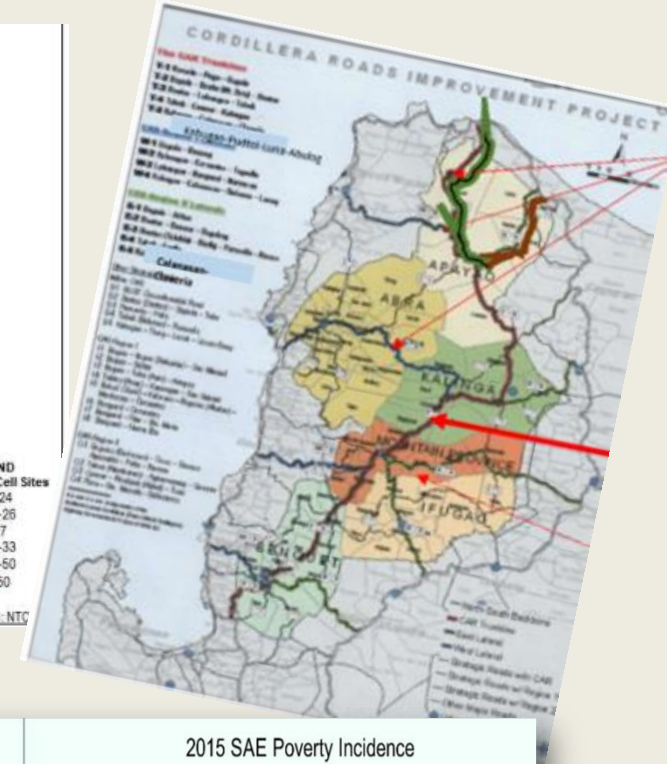
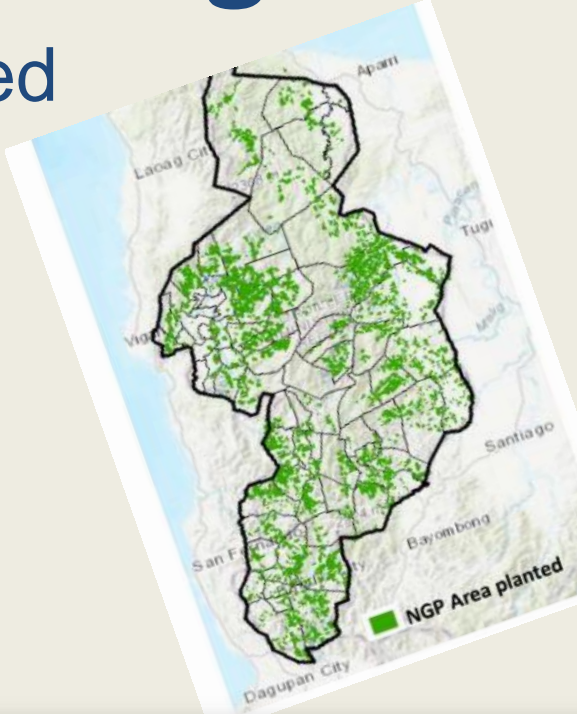
- Many programs for MSMEs that establishments could take advantage of
- Key to a more broad-based, inclusive economy is to have small businesses contribute much more to the overall economic output and employment (Habito, 2018)
- Innovation drives growth and helps address social challenges (OECD, 2010)
- Advantages of innovation (Dacuycuy and Baje, 2018):
 - *Means for firms to differentiate themselves and make branding*
 - *Increase their profit due to decreased distribution and production costs*
 - *Increase willingness of customers to buy and pay for the products*

4. Urge large establishments operating in the region to be more philanthropic benefactors

- About 65 corporations operating in the region paid a total tax of Php 46.7 B for 2014 in Metro Manila (BIR, 2016)
- Difficult though to determine the proportion they paid in favor of CAR
- Known to implement efficiently and effectively social enterprises because of their resources and capacity (Simpson and Taylor, 2013)

5. Reach out also to the vulnerable sector residing in remote areas

- Geographically isolated and depressed areas (GIDAs)
- Last Mile Schools
- Risk-affected areas
- Urban vs. rural



Source: PSA website

6. Tailor fit the CSRs vis-à-vis the vulnerable sector's preference (etic/delphi method)

Province/ HUC	Vulnerable Sector	Risk and Vulnerabilities	Experts' Proposal
Abra	children	Governance: High number of children in conflict with the law	Construction of childminding centers/ Pag-asa center
Apayao	indigenous people	Education: Low enrolment of IPs under IPED	Accessible schools, advocacy
Baguio City	senior citizens	Social welfare: Highest decrease of beneficiaries attributed to pension	Strict implementation of RA 9994
Benguet	Poor HHs/ families	Health: Poor access to safe water	Water access
Ifugao	women	Health: Low access to health services	Establishment of private clinics
Kalinga	youth	Education: Presence of CPP/NPA/ National Liberation Front affected areas	Scholarships
Mountain Province	Urban and rural communities	Economic: Inflation rate	Less expensive goods and services, employment and livelihood programs/projects

Source: DSWD Protection Report 2011-2012; Anceno, 2016

7. Take directly the vulnerable sector's needs as basis (emic)

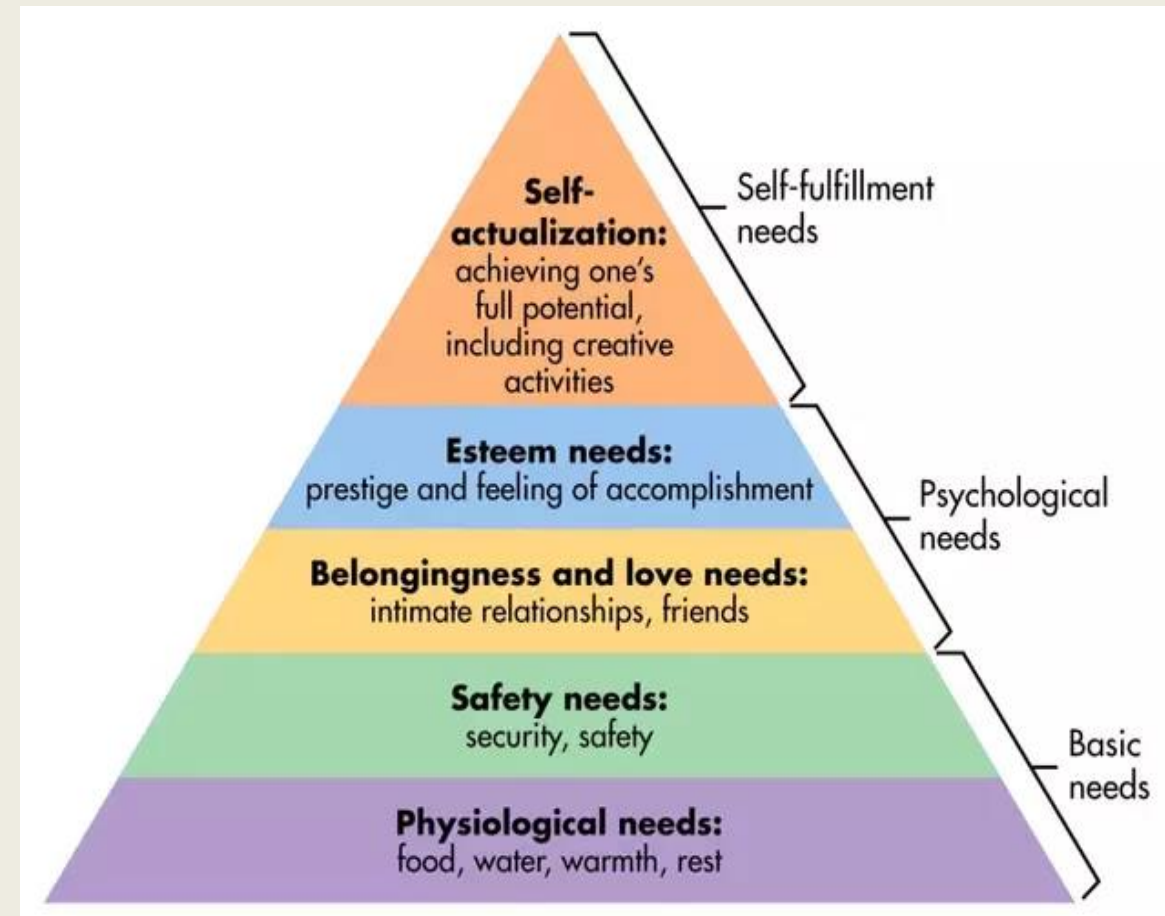
- Requires listening up
- Answers “what is in it for us?”
- Most vulnerable sectors underscore ethical and sustainable implementation of programs and projects (DSWD, 2018)
 - e.g., Given the several laws about them, they prefer that these are implemented and supported with budget



8. Determine appropriate CSR programs and projects

- Literatures on operations and management abound with regards to type of programs and projects
- Etic vs. emic perspectives
- Problem-driven
- Community-based

- Maslow's Hierarchy of Needs



Sectoral Origins

- *Agriculture*
- *Industry*
- *Service*

Logical Framework Approach (ADB)

- *Infrastructure*
- *Service*
- *Policy*
- *Institutional*

Other type/categories (NEDA, 1984)

- *Integrated vs. single*

Doing the Right Thing Model (Asbury and Ball, 2016)

- *Legal requirements*
- *Health and safety*
- *Environmental sustainability*
- *Ethical trading*
- *Workforce rights*
- *Community effects*

Policy-related CSR programs and projects

(Domingo, 2016)

- *Physical connectivity*
- *Agricultural activity*
- *Greater diversification*
- *Competitiveness*
- *Access to social services*
- *Resilience*

9. Timely implementation of CSR programs and projects for the vulnerable sector

- Crucial to implementation of CSR programs and projects is the timeframe
 - e.g., Education (Ben Peretz, 2009)
 - Disaster-related programs and projects
 - *Includes start and beginning of the programs and projects*
 - *Number/period of implementation*

10. Harmonize policies and legislations on CSR and vulnerable sector

- Rule of law is necessary (Fausto, 2016)
- Many laws on vulnerable sector on individual basis but are fragmented and uncoordinated (e.g., age); few laws on CSR but are indicative and not straight forward
- Proclamation 299 (2000)
Declares every 1st week of July as CSR Week
- Others: ISO 26000:2010; SEC Memo 4, s. 2019 Sustainability Reporting for Public Listed Companies

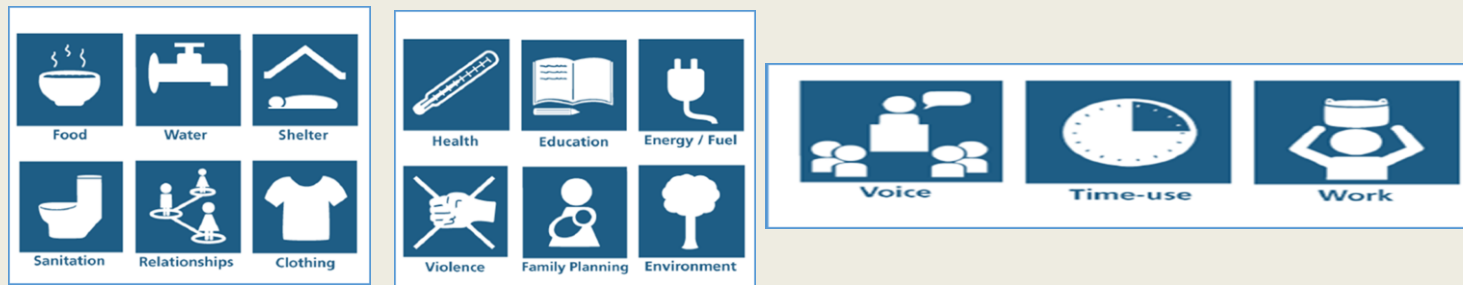
11. Institutionalize a CSR monitoring and evaluation system (CSRMES)

- Come up with a CSR plan
- Crucial to ensure that CSR programs and projects would reach the vulnerable sector and attain the goals and objectives
- Design tools and instruments to measure performance and review (e.g., GRI)
- Basis for benchmarking for good practices

12. Expand measures to include non-income indicators

- Understanding poverty as a measure of CSR is not limited to income, being multi-dimensional in nature

e.g., HDI, CBMS, IDP



- In companies, profitability should not be sole concern
- But they can be combined with other parameters

13. Strengthen partnership and collaboration among stakeholders

1. Execute the CSR programs and projects

- *Private Sector not to forget its commitment to and with the people (also technical knowhow, funding, and innovation in the partnership)*
- *Public Sector to provide the enabling environment*
- *Other stakeholders to do their share of the overall commitment*

2. Institute mechanisms and platforms for the partnership/collaboration

3. Champion the cause

- *church*
- *Academe (R&D)*
- *Professionals*
- *Social media*
- *Executives*



14. Provide incentives to CSR performers among stakeholders

- Recognize and reward all business organizations for outstanding, innovative, and world-class CSR-related services, projects, and programs
- Extend endorsement and encouragements to domestic and foreign corporations doing business in the Philippines which are candidates for recognition in international award-giving bodies for implementing CSR-related activities
- Create a body/organization to receive reports of business organizations to accomplish their programs and projects

CAR produces two more national outstanding volunteer awardees



SLU's Medical Outreach Missions Foundation, Inc. and Dr. Joanne Balderas, CAR's 2018 national volunteer awardees for 2018, in action.

15. Formulate CSR Agenda

- A needed guide towards a unified action for economic growth and development
- Expected to set out a range of actions that will help to deliver responsible and sustainable business practice in CSR by enterprises and other organizations
- One major objective may be to cause different institutions to coordinate, network, and work together horizontally and vertically in pursuit of a common agenda
- Criteria: contribution to goal, relevance/consistent to sector, responsiveness to local situation, urgency, and impact, etc.

CONCLUSION

- ❖ Despite the improved GRDP and poverty incidence. Many vulnerable sectors are still in poverty.
- ❖ There are few large establishments expected to carry on with the task of bringing societal outcome. Almost all are micro, small, and medium enterprises (MSMEs) which could only provide employment and short –term CSRs.
- ❖ Inclusive growth becomes elusive to poor and vulnerable sector of the region, ***necessitating more CSRs not only in quantity but also in quality. Not only from large establishments but also from MSMEs because CSRs can take several forms.***
- ❖ CSRs either supplement, augment and complement programs and projects.
- ❖ Consider designing CSR using the proposed 15 strategic interventions.

Ways Forward

- ❖ In-depth studies on the contribution of economic growth and development
- ❖ Further studies on Corporate Social Responsibility to establish its presence and contribution in the region, which may be in the following forms:
 - ✓ case studies to determine the uniqueness of each sector;
 - ✓ empirical researches to determine the relationship of variables and enhance the timeliness of data collection from the ground; and,
 - ✓ spatial studies using the Geographical Information System to locate areas and easy access for the implementation of CSR considering economic disparity between and among provinces and cities in CAR.

THANK YOU FOR LISTENING!

