



UNIVERSITY OF ASIA AND THE PACIFIC
CENTER FOR SOCIAL RESPONSIBILITY



Enhancing the Competitiveness of **Philippine SMEs** through **CSR Strategies**

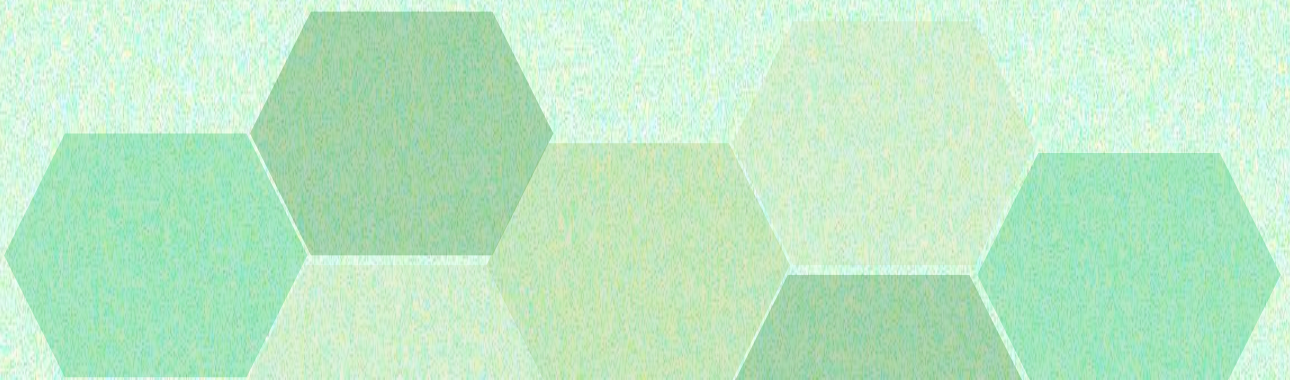




The Center for Social Responsibility of the University of Asia and the Pacific (CSR-UA&P) is a business and academic unit which provides independent sustainability advisory services to partner organizations operating within the Asia and the Pacific region.

It prides itself as being one of the country's premier academic institutions to blaze a trail in the field of sustainability in the Philippines.

Since occupying an elected position in the Stakeholder Council of the Global Reporting Initiative (GRI) in 2007, CSR-UA&P has been the institution of choice of leading companies when it comes to providing independent sustainability-related services.





Rationale and Objectives of the Policy Paper

Under the ASEAN CSR Vision 2020, the promotion of Corporate Social Responsibility (CSR) under the ASEAN Socio-Cultural Community blueprint clearly stated that CSR has the potential to give businesses a competitive advantage by introducing more environment-friendly and cost-efficient practices, reducing risks of corruption, and spurring innovation that leads to better quality of life and sustainability. While this is true, much of the work on the promotion of CSR in the Philippines is centered on big businesses, with little or lack of efforts to focus on the small and medium enterprises. Small and medium enterprises (SMEs) are businesses with 1-99 employees and capitalization of Php15-50 Million or equivalent to USD65 Thousand- 1 Million. In the Philippines, 99.7% of registered businesses are SMEs employing 70% of the total workforce, with locations in regional centers (e.g. Cebu, Iloilo, and Davao) outside Metro Manila. Thus, focusing on increasing the competitiveness of SMEs through CSR can address the issues of equity and access to resources as well as create an enabling environment for the Philippine government to meet its commitment under the new Sustainable Development Goals (SDGs). Using the CSR strategies for engagement, SMEs have the potential to (a) improve

sustainable development initiatives, (b) enhance the competitiveness of regional centers to compete for foreign direct investment, (c) ease migration to Metro Manila, and (d) improve poverty-focused delivery of basic social services.

The Center for Social Responsibility of the University of Asia and the Pacific (CSR-UA&P) conducted a study on enhancing the competitiveness of Philippine SMEs through CSR strategies. It also conducted a survey on the perception of SMEs about CSR and the ASEAN integration among the participants of the round table discussions held in Iloilo City, Naga City, and Davao City. This project came about because of the large number of SMEs in ASEAN. In the Philippines alone, small and medium-sized enterprises (SMEs) have been growing from 500,000 in 1995 to 800,000 in 2015. This business sector is significant in the ASEAN Economic Community because they make up the largest sector of the economy in the region. They are expected to boost the region's economy as they do business with other international networks.



The following figures below illustrate the responses of the participants from the round table discussions.

opportunities and challenges of the ASEAN economic integration.

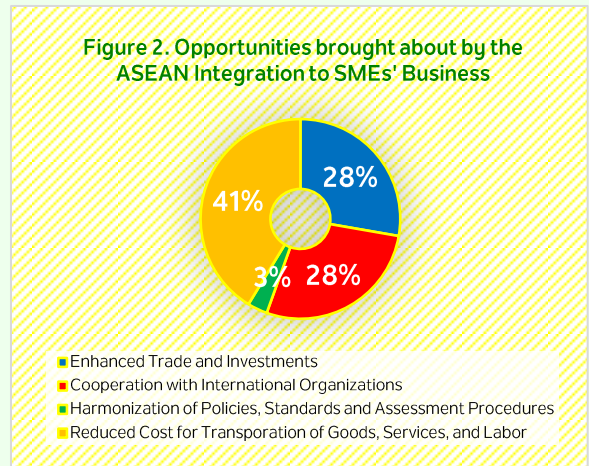
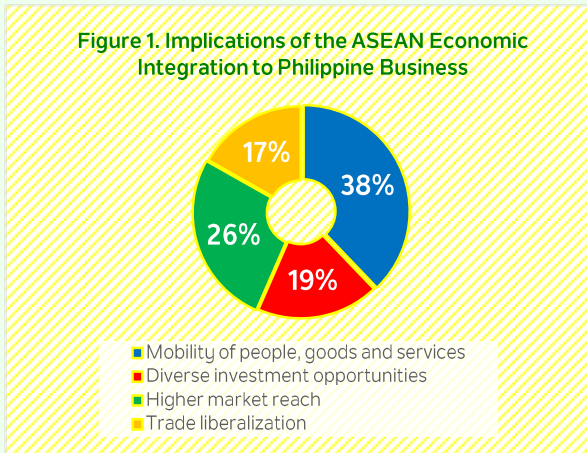
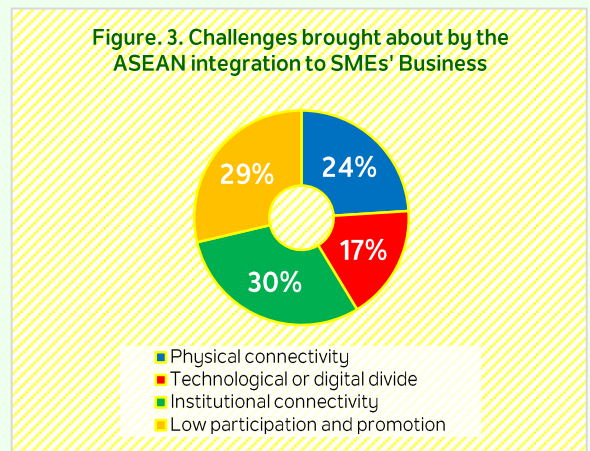


Figure 1 shows the implications of the ASEAN to SMEs from their perspective. Majority of the responses (38%) show that SMEs facilitate mobility of people, goods, and services. Similarly, the ASEAN Economic Integration creates diverse investment opportunities (19%) which, in effect, make the SMEs as the biggest generator of employment. While SMEs greatly contribute to the economy, consequently, they impact the environment by significantly contributing to carbon emissions, particularly the VIP countries, namely Vietnam, Indonesia and the Philippines. Together, these countries constitute the bulk of carbon emissions generated by SMEs in the ASEAN.

Figures 2 and 3 show the opportunities and challenges brought about by the ASEAN economic integration from SMEs' perspectives.



SMEs also need to be competitive in the global market to boost economic growth in the region (ACCA, 2016). This sector, regardless of its size, is insignificant in the international production network. For instance, the average export shares of five ASEAN countries, namely Indonesia, Malaysia, Philippines, Thailand and Vietnam is only 23%, while countries from the East Asian region compose 50% of the share. According to Sato (2015), the lack of support from government agencies hinder SMEs to compete in the global market. In addition, a survey conducted in Malaysia and Singapore showed that most of the SMEs lack knowledge on the

Given the challenges, the ASEAN community has developed different initiatives for the development of SMEs. In 2004, ASEAN leaders formulated the ASEAN Policy Blueprint for SME Development 2004-2014. Sato (2015) explains that the blueprint aims to “facilitate the emergence of an ASEAN SME sector that is entrepreneurial, innovative, outward-looking, competitive, and resilient”. Another one is the Strategic Action Plan for SME Development 2010-2015 that resulted to the creation of ASEAN SME Policy Index which serves as a guideline for member countries to determine where they stand in terms of policy implementation for the benefit of SMEs. The policy index aims to monitor and improve the performance of

several key reform areas such as institutional framework; access to support services; cheaper and faster start-up and better legislation and regulation; access to finance, technology and technology transfer; international market expansion; promotion of entrepreneurial education; and more effective representation of SMEs' interests (ACCA, 2016).

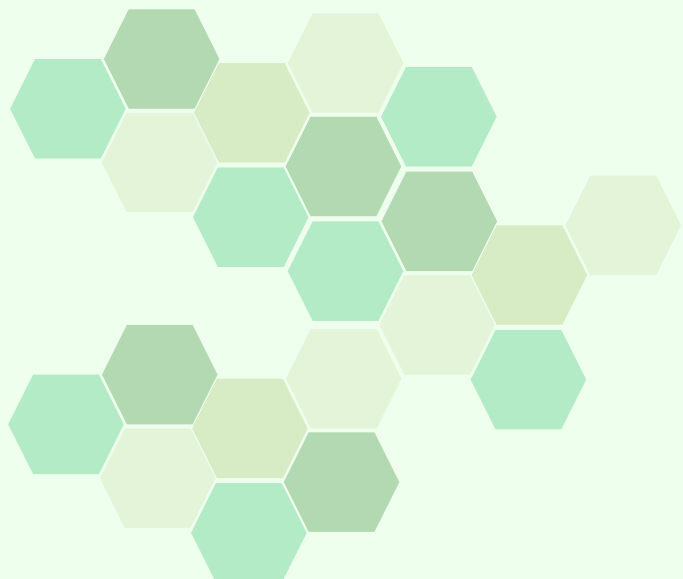
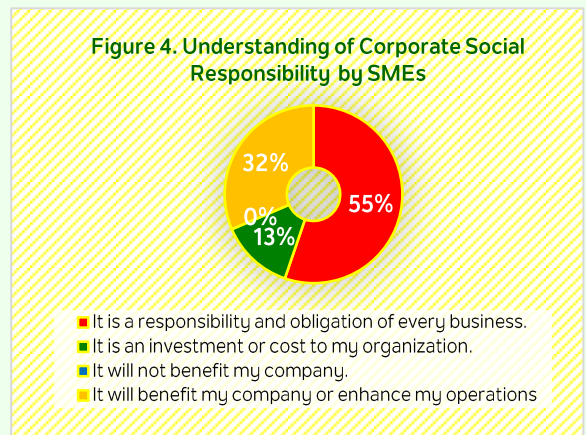
Through the years, the perspective on sustainability has been very influential in shaping business behaviors. Sustainability is the effective management of the three forms of capital: financial, physical (or environment), and human capital. In the past, the goal of business has been about maximizing profit. With sustainability, however, businesses are being evaluated on the effects of their businesses to the environment and labor force. Hence, businesses can now transcend profit and promote socially responsible products or services. This principle is known as the supply chain sustainability wherein businesses prioritize not only their profit but also the good impact they bring about to the environment.

Comparing the practices of SMEs to the multinational companies (MNCs), the latter survives by relying on customers and investors who would only patronize sustainable products or investments. Thus, MNCs are challenged to provide products that comply with sustainability standards. In order to keep their customers and investors, they impose strict protocols for their suppliers to strictly adhere to. In the case of SMEs, they may not really prioritize these standards unless they decide to scale up, compete in the global supply chain, and be part of the following sectors that put most premium on supply chain sustainability: automotive industry, commodity, hospitality, energy utilities, and construction sectors. Only suppliers with ISO certifications assure companies that their practices comply with the highest standards. The least that MNCs want to happen is to be associated with a supplier that does not give importance to its

environmental impacts. With this, some MNCs offer partnership with SMEs to equip them and be part of their supply chain.

This paper also aims to determine if SMEs in the Philippines are capable of improving their practices to become sustainable, and if these practices would enable them to compete in the global market given the ASEAN integration. This paper aims to identify the constraints that SMEs face in engaging with CSR practices.

Figure 4 shows that majority of SMEs perceive CSR as a responsibility and obligation of every business (55%) more than it benefits their company or enhances their operations (32%).



CHALLENGES Faced by SMEs



The ASEAN Economic Community provides an avenue for SMEs to trade their goods at a much lower cost to boost economic growth. However, SMEs in less developed countries may be affected with the ASEAN integration since they lack technologies that can enhance their products and enable them to compete at par with developed countries. Even more, SMEs may also face difficulty in accessing finance. The Association of Chartered Certified Accountants (2016) suggests that they should be given proper education and training so that they can compete in the global market.

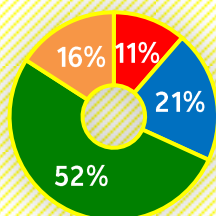
Figure 5 elaborates the hindrances in integrating CSR with SMEs. During the round table discussions, SMEs asked if the government would support them in this initiative. They acknowledged that their employees need training on CSR (52%); but they were particularly concerned on where to get funds to equip them on CSR strategies since their companies are not financially capable (21%). Many SMEs were also anxious that CSR integration would only work in favor of the MNCs more than to their business (11%). In general, the concerns of these SMEs go as far as the availability of resources and facilities that could help them improve their productivity, competitiveness, and access to credit and capital.

As shown in the figure above, training remains the priority concern for most SMEs due to lack of manpower resources. Specifically in Iloilo City, SMEs find it difficult to hire fresh graduates who could help manage their business. They explained that most academic institutions produce graduates for service-oriented sector, but only a few are trained to be entrepreneurs. Moreover, the younger generation prefers to work abroad than work in their hometown to develop local products. In fact, the age of the weavers in Hablon belong to the older group because young locals do not want to weave. The local government should recognize the impact of this phenomenon to the tourism of Iloilo City. Policy makers should also create jobs that encourage the younger population to develop the strength of the community.

Big companies are also discouraged from investing in the Philippines due to expensive utility costs. Some companies have shifted to China in manufacturing their products. A local supplier from Camarines Norte, for example, would like to produce a plywood which is both fire and weather proof. He would like to manufacture it in the Philippines because of the abundance of coconut husk in the country. However, he stopped entertaining the idea since the cost of electricity in the Philippines is twice as high as the cost of power in China.

Another challenge SMEs face is the lack of technology. In the Philippines, locals find it difficult to adapt to new technologies which, in turn, affect productivity negatively. A hectare of land in the country, for example, could only produce seven (7) tons of rice compared to 20 tons that other ASEAN countries could cultivate from the same land area. To aid farmers to adapt, factors such as the accessibility, feasibility and application of

Figure 5. Hindrance in Integrating CSR with SMEs



- It is only for MNCs, not SMEs.
- My company is not financially capable.
- My employees need training on CSR.
- My linkages among institutions are limited.

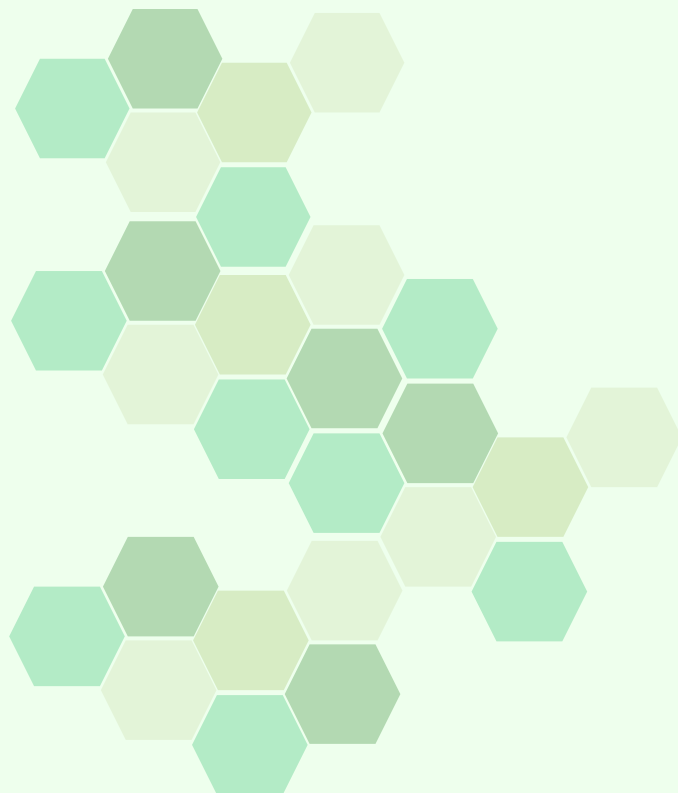
technology should be highly considered. Aside from the government, institutions such as the academe should also focus in researches relevant and helpful to the business operations of SMEs. In terms of promoting products, technology comes into play as well. Most SMEs nowadays rely on social media to market their products, and transact business with their buyers. However, their business is confronted with the challenge on slow internet connections.

Another challenge is the tougher competition among professions within the region. The ASEAN integration has paved way for tougher competition in terms of profession as professionals from member countries may now cross borders and work abroad if they are eligible for the position they apply for. For instance, certified public accountants (CPAs) from other countries can now work in the Philippines. Pressured by the fact, Filipino CPAs may then need to undertake continuing professional development to be at par with other nationalities. Subsequently, companies need to offer higher rate for these professionals to compensate the increasing value of their skills set. However, SMEs with limited financial capacity cannot keep up with big companies which observe this practice.

Furthermore, the government lacks trade policies that protect SMEs from the potential threats brought about by foreign companies. Case in point, a local businessman during the round table discussion in Naga City mentioned how his Chinese supplier of skinless peanuts stopped distributing the product to him in attempt to monopolize his market. On the other hand, another local SME mentioned a story of how his former buyer of pili nuts, a foreign company, started to manufacture its own pili-nut delicacies in Subic. Since foreign companies are more capable of producing products in larger quantities, they have more control over influencing the buying behavior of the market. In this light, the opportunities for SMEs to compete and grow their business become limited.

In 2002, the Department of Agriculture (DA) and the Bureau of Fisheries and Aquatic Resources (BFAR) formed a consortium of breeders to enlarge their capacity in exporting fishes. Breeders of a barangay in Davao City benefitted from this project. Although the consortium succeeded in its objective, the project failed to create a venue to sell out their products to buyers from other places like Manila. If this were done, local fishermen would have had the opportunity to sell their products at a higher price in Manila compared to the local market.

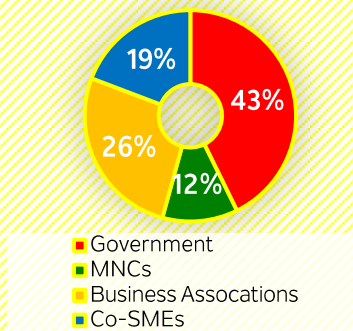
In other ASEAN countries like Thailand, the government fully supports the local breeders through its “cooperative breeding”. This program ushered the country to become one of the biggest fish breeders and exporters in the ASEAN region. This kind of government support empowers local businesses, such as the fish breeders, to compete in the global market.



Policy Recommendations

In figure 6, the government emerges as the top institution where SMEs could seek support from while Figure 7 enumerates the ways on how they can help integrate CSR strategies to SMEs.

Figure 6. Institutions where SMEs could seek support from



Based on the figure, the government dominates the top-of-mind of SMEs when it comes to sourcing out support in anyway due to its accessibility and availability. Although it was mentioned that SMEs encounter some glitches on the services of the this institution, it still remains to be a reliable governing body that facilitates partly of SMEs' business operations from permits to payments of taxes.

Figure 7. Government ways in helping SMEs to integrate CSR in business

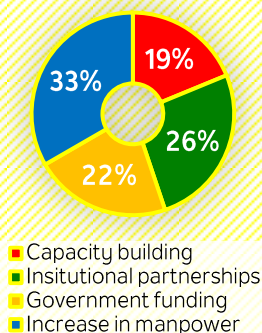


Figure 7 shows that the government helps SMEs increase their manpower (33%) and create institutional partnerships. Businesses also believe that government can provide aid for small-time businesses through government funding such as through loan programs.

To help SMEs integrate CSR strategies in their operations based on the responses of SMEs from the round table discussions, this policy paper would like to recommend the government to:

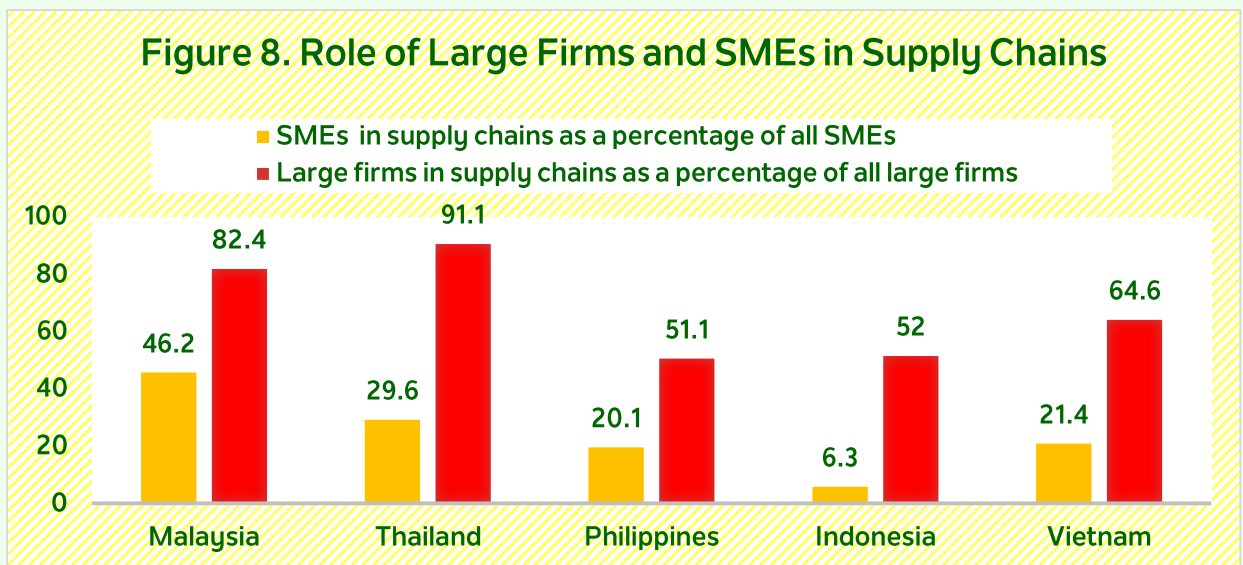
1. Mandate large local companies to get suppliers from local communities as part of their CSR practices;
2. Focus on the agribusiness sector because a strong agribusiness sector yields strong supply and logistics sector, strong food security sector, and a competitive manufacturing and hospitality industry;
3. Simplify the process of getting business permits for SMEs to encourage locals to put up their business. Improving the tax system would also be friendly to small businesses that are only starting up;
4. Come up with standards or indicators to assess CSR projects of SMEs, and provide incentives for SMEs that would engage in CSR activities;
5. Develop programs relevant in further boosting the strength of the region;
6. The government must provide stringent rules to foreign companies that would like to transact business in the Philippines.

The government should mandate big local companies to get suppliers from local communities as part of their CSR practices.

In doing so, big local companies help promote that local products have quality too. Local suppliers, in return, promote the good image of big local companies by creating a positive impression of their products. However, there are challenges when local suppliers cannot meet the demands of big local companies in terms of its capacity to produce in large quantity. Case for example is a Boracay hotel and restaurant business that imports its

supplies from Taiwan because the region's local suppliers cannot meet the required quantity. In this scenario, big local companies withdraw from local suppliers and find another that can basically meet its demand. Small and medium enterprises fear this kind of scenarios with the ASEAN integration as they are given the impression that they cannot keep up with the pace even in the market that they are part of.

Figure 8 shows the percentage of SMEs and large firms in the supply chain for the five ASEAN countries. Although, the difference is clearly seen, they both play a big part in the supply chain.



Source: Global Value Chains in a Changing World by Elms & Low (2013).

On the part of MNCs, engaging local suppliers would also be beneficial for them because

“The CSR activities undertaken by retailers in relation to suppliers can provide a long list of benefits: they create their positive image in the local environment... they obtain “access” to local companies that are leaders in particular businesses... stronger partnership relations are established and this provides the grounds for long-term cooperation, reduction risk and optimization of costs.” (Stefanska, 2014, p. 37)

The government should give importance to the agribusiness sector as a trigger in facilitating supply and logistics, food security, and manufacturing and hospitality industries.

A strong agribusiness sector facilitates the movement of goods and, in effect, put productive purpose specifically on the Roll On Roll Off (RORO) transportation system in many provinces in the country. Through this, the lack of or inadequate supply of commodities in other cities or provinces in the country is addressed.

If the agribusiness sector is not strong, consequently, issues on food security may arise. During the round table discussion in Naga City, participants mentioned that locals source goods such as carrots from other far places like Manila or Baguio. As a result, the prices of these goods were higher compared when they cultivate these in the Bicol region. In order to prevent high costs on products, the local community, through government trainings, should also learn how to cultivate agricultural goods and crops that can not found in their community.

The government must simplify the process of getting business permits for SMEs. The national government must also reform the taxes imposed to small businesses. It must also provide regular reports that show government spending.

In the Philippines, starting up a business entails going through different government agencies for permits and approval. Case in point is joining a livelihood program of the Department of Trade and Industry (DTI) wherein business owners need to get permits first from the Department of Energy and Natural Resources (DENR). Should there be a proof that the business negatively impacts the environment, the business cannot join the DTI's program anymore. In other cases, the process of seeking permit itself takes several months. Due to this, SMEs hesitate that a big part of their budget would only be allocated for the processing of government papers.

The taxes also in the Philippines are higher compared to ASEAN countries. It would be very difficult to compete with the prices of goods and services in other ASEAN countries because of their cheaper price brought about by the lower taxes. There are also differences in the implementation of policies in each country, particularly on the procedure that certain Philippine government agencies

implement, such as the DTI, and the Securities and Exchange and Commission.

The government must also come up with standard indicators that assess CSR projects of SMEs, and provide incentives for SMEs that observe CSR practices.

Eventually, those SMEs that would get a high score from these indicators would be awarded a seal of good governance. The government must provide incentives, such as tax exemptions, to encourage SMEs to integrate CSR in their business operations. On the other hand, business organizations must come up with awards that would be given to SMEs that incorporate best CSR practices in their operations.

The government could develop these set of indicators using the Global Reporting Initiative (GRI) as a framework. This is a reporting guideline used by companies in producing sustainability reports. Through sustainability reports, SMEs can document the improvement in their business operations such as enhancement of internal systems and processes. More importantly, as explained by GRI, sustainability reports give companies good image, promote dialogue and transparency with partners, and attract funding, among others.

It is also more appropriate for the national government to come up with a program for each region.

Developing programs that address social and economic issues can be a good start to engage SMEs. As suggested by the participants of the round table discussions, a blueprint on the trajectory of the economic progress or plans of the local government must be transpired with them by the government in order to align their goals with

the local government's plans. The blueprint may serve as a guide for SMEs where to invest their capital.

The government must regulate foreign business transactions.

The Philippine government must also assess the companies entering the Philippine market. They may start with creating measures like having a list of accredited companies that are only allowed to operate in the country. Same as when they hire foreign professionals to ensure that local companies or big corporations still prioritize the best local professionals.

To be fair with SMEs, it is recommended for the government to require foreign companies to develop CSR programs that will establish mutual benefits with SMEs.





OTHER POSSIBLE SOLUTIONS

EXAMPLES OF FEASIBLE CSR PROGRAMS INTEGRATED TO THE BUSINESS

One of the trends gaining attention now in Europe is green restaurants. The concept of green restaurants are not just about selling organic food, but it also includes the good impact of the business operations to the environment. Green restaurants in highly developed countries are joined efforts of the government and the private sector. Unfortunately, even if the Philippines contributes to bulk of the carbon emissions in Southeast Asia, local institutions pay little attention to creating socially responsible businesses such as the green restaurant. As a collaborative project, the government and SMEs may join together in creating a clean environment through the promotion of the use of recyclable materials or organic goods. Moreover, DTI has developed a green economic development plan which is applicable to all industries. The program aims to reduce the carbon footprint in production. Small and medium enterprises may follow this plan through incorporating its goals and benefits to the company's operations.

The government really plays a vital role in the achievement of the integration of CSR programs and strategies to the businesses in the country. In fact, this institution helps bridge the gap between the companies and the community by providing the latter opportunity to utilize its labor force. The government in Hong Kong, for instance, helps persons with disabilities (PWDs) look for jobs from their local firms. Although, it is also done in the Philippines, there are only a few who observe this practice as a helpful way to help the community. Based on this, the government may establish educational institutions that offer technical or vocational trainings to physically challenged people to hone their talent. Business organizations could also help SMEs in incorporating CSR in their business operations. As an institution that knows the dynamics of trading,

business organizations may conduct forums to share current trends, operational techniques, and marketing programs that can help sustain the businesses of SMEs.

There are certain non-government institutions (NGOs), such as GoNegosyo, that assists SMEs to help them start their businesses, apply permits, and where to access markets. These organizations can guide SMEs in integrating CSR in their business operations because SMEs lack the proper skills and trainings in implementing CSR strategies. NGOs could help SMEs adapt the CSR practices of MNCs such as hiring of persons with disabilities, senior citizen, and the like as they work efficiently.

Lastly, SMEs may also partner with big corporations. Partnerships encourage dialogue and sharing of best practices between SMEs and big corporations. Like in business acquisitions where small companies are bought by the big ones, the big ones may further develop SMEs by making them a part of the company operations.

CONCLUSION

The ASEAN integration would bring opportunities and challenges to SMEs as competition becomes tougher. One way for Philippine SMEs to be of advantage versus other ASEAN SMEs is through their adoption of CSR strategies. Corporate Social Responsibility is not commonly practiced among SMEs because it has been a notion that only big corporations observe the practice of CSR. Literature has proven that SMEs also have the capacity to be socially responsible. It appears to be very costly for SMEs, but in the long run, it would bring mutual benefit for the company and the community they serve.



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A GUIDEBOOK ON
**Implementing
CSR Strategies**
IN THE PHILIPPINES

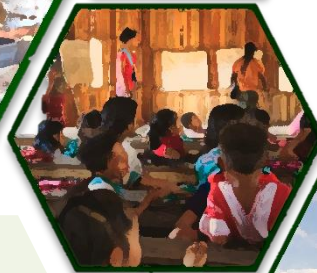
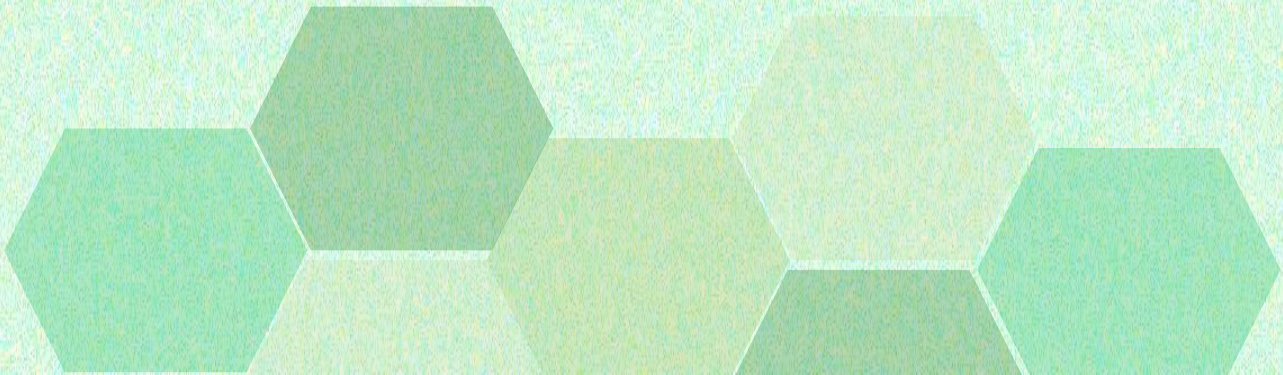


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Foreword

The member countries of the Association of Southeast Asian (ASEAN) that are focused on developing their small and medium-sized enterprises (SMEs) are seen to contribute in achieving the vision of the ASEAN integration.

“ Providing the SMEs with the right skills would fill the gaps among the ASEAN economies.

There are different ways to capacitate SMEs in order for them to be competitive in the global market. One is through the help of multinational corporations (MNCs) through supplying their raw materials. The other one is through the development of the local community, which according to Sato (2015), the government could help in the following possible ways:

1. Direct support to facilitate SME capability upgrading;
2. Indirect support to create institutional environments conducive for SME development in both of the two pathways; and
3. Establishment of the foundation of ASEAN to support more effective SME policymaking and implementation.

Capacitating SMEs also entail supporting SMEs in its access to trade for free. The more SMEs have access to free trade, the better Gross Development Product (GDP) and other economic indicators would be for the ASEAN region. In fact, in 2020, the expected GDP of the ASEAN economy will reach US\$4.7 trillion. Five years later, in 2025, ASEAN targets that all its member countries will be “sustainably and gainfully integrated in the global economy” as mentioned in the ASEAN Economic Community (AEC) Blueprint (ACCA, 2016, p.12). As stated in the fourth goal, the blueprint aims to empower

SMEs to become “a resilient, inclusive, people-oriented and people-centered ASEAN”. Lastly, in 2030, ASEAN is seen to grow and become the fourth largest economy. As of 2015, ASEAN is the sixth largest economy in the world with a GDP of US\$2.43 trillion (ACCA, 2016).

With the ASEAN integration, SMES can benefit from the reduction in the trade barriers which reduce the cost of imported goods for the member countries. However, SMEs fear that this will only benefit the MNCs, thus, becomes a threat to their business. Contrary to this belief, ASEAN integration will allow the flow of goods, services, and labor which paves way for SMEs to participate in the trade globally. As competition in the global market becomes tougher, SMEs should be productive and aggressive for their products to thrive versus other countries (ACCA, 2016).

The SAP SMED 2016-2025 understands that the degree of industrialization is not the same for every country. The ASEAN 6 (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand) are ahead than the rest of the ASEAN countries in terms of the performance of SMEs. This is brought about by technology transfer, access to finance, promotion of entrepreneurial education, cheaper, faster start up and better regulations, and access to support services. Notably, ASEAN 6 countries have lenient regulations for SMEs to comply with (ACCA, 2016). Therefore, for SMEs to flourish in other ASEAN members, they may learn how the ASEAN 6 sustains many well performing SMEs.

Small and medium-sized enterprises also fail to interact with other countries globally because they are not yet sustainable in the local market. If their product or service is not profitable in the local market, there is a great chance that it would not sell abroad. They also face difficulty in accessing finance from commercial banks. Banks do not lend much money to SMEs

because of lack in assessment in the needs of SMEs. The lack of access to capital is one of the main reasons why SMEs fail to export their goods. With this, the government should provide better funding services to SMEs to make them competitive (ACCA, 2016).

Through the help of organizational units in other countries such as in Europe, SMEs develop and progress to become socially good businesses. The European Union’s (EU) experience in developing SMEs, for example, may serve as a model for the progression of SMEs in the ASEAN region. It is engaged in developing SMEs because it acknowledges the fact that the ASEAN is important in the EU’s economy. Both economies know that they need to “increase productivity, maximize the benefits of technology, become more innovative and have better access to finance” (ACCA, 2016, p.25).

Corporate Social Responsibility in Small and Medium-sized Enterprises

Due to the growing concern for sustainability, businesses have been incorporating CSR practices in their business operations. Interestingly, rather than financial decisions, the personal values of the business owner motivates the practice of CSR strategies. Mousiolis, et. al. (2014) explained that since SMEs are mostly owned by a single person, the owner can directly influence and align the business operations with his or her values.

Corporate Social Responsibility is seen as one of the global trends that SMEs may take advantage of. Good CSR practices allow SMEs to have better relationship with its stakeholders, and easier transaction with banks, investors, and suppliers. Several studies have shown that SMEs are engaging in CSR practices because of personal feelings, friends and family, and religion.

Difference of CSR in SMEs and MNCs

Small and medium-sized enterprises perceive that CSR practices are only for MNCs, not knowing that their operations also affect the environment and society. Consequently, they

also have the responsibility to observe the practice of CSR. The problem, however, is the lack of awareness of what CSR practices can SMEs apply to their business operations (Vo, 2011). There are only a few literature in CSR among SMEs because this practice is fairly new. Unlike SMEs, the approach of MNCs in practicing CSR is more advanced since they have the experience and knowledge on how their business impacts the society. Big corporations produce annual sustainability reports that include their CSR performance. Aside from this, businesses linked to the supply chain of the MNCs are mandated to incorporate CSR in their business operations.

Small and medium-sized enterprises’ lesser formal organizational characteristics must be considered in developing their CSR policies. According to Vo (2011), SMEs do not have a formal documentation of their CSR practices; instead, they use one-to-one dialogue. Applying MNCs’ approach to SMEs’ business approach, however, may not capture their ethical motivation. Consequently, SMEs may even be discouraged (Mousiolis, et. al., 2014).

The table below shows the degree of activity in each dimension of CSR engagement between MNCs and SMEs.

TABLE 2
DEGREE OF ACTIVITY IN EACH DIMENSION OF CSR ENGAGEMENT

Dimensions	MNCs	SMEs
Commitment	High	High
Internal structures and procedures	Mixed	High
External collaboration	Low	High

Adapted from the Organizational Implementation of Corporate Citizenship: An Assessment Tool and its Application at UN Global Compact Participants, by Baumann-Pauly, D. & Scherer, A. (2012)

Although, the table above shows how high the engagement of SMEs is to the dimensions of CSR Engagement, SMEs do not know how CSR practices are important to their business. It is also most unlikely for SMEs to engage in CSR practices since they are not given much attention by stakeholders because of their size and impacts.

“Generally, when we are comparing SMEs with MNCs, we can notice that SMEs arguably have fewer reasons to approach CSR strategically. They typically face less scrutiny and stakeholder attention and this is the most significant reason which led them to find it harder to construct policies for CSR.” (Mousiolis, et. al., 2014)

Most of the CSR initiatives are “working free of charge for charities, making charitable donations and recycling initiatives” (Jenkin 2006, Longo et al., 2005; Sweeney, 2007). Implementing CSR strategies among MNCs is costly because it requires training several employees while ensuring that all levels of the organization are consistent in practicing CSR strategies. Fortunately, because of the horizontal organizational characteristic of SMEs, it is less costly to implement CSR practices as information can easily be disseminated from an employee to another. Notably, CSR practices among SMEs are more

focused on employees. Unlike MNCs, SMEs give more attention to the local community and employees. In effect, this affects the productivity of the employees because they feel that they are prioritized. The buy-in and support of employees are important for SMEs. Thus, it is important for them to hire competitive employees who also share their values (Mousiolis, et. al., 2014).

Some of the CSR practices among SMEs are focused on local environment. They may be engaged in “environmentally friendly products or production processes, energy conservation, and an efficient use of resources to minimize wastages and reduction in pollution” (Inyang, 2013). Mousiolis, et. al (2014), explained that CSR is more effective among SMEs because they are more concerned with the social impacts of their operations rather than maximizing their profits as they receive lower pressure from their investors.

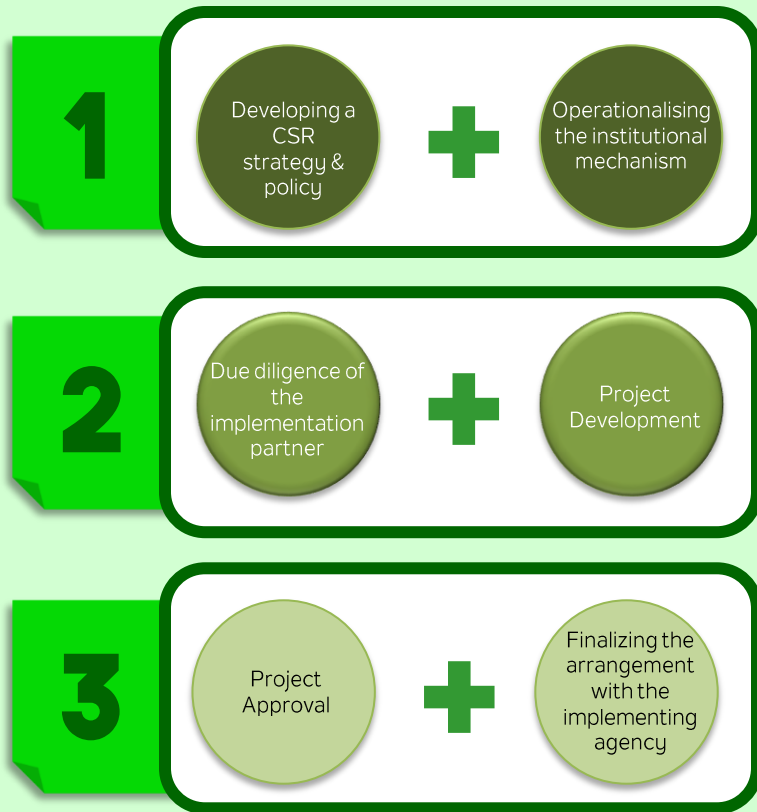
**TABLE 2
LEADING INTERNATIONAL CORPORATE SOCIAL RESPONSIBILITY GUIDELINES**

Instrument	Features	Website
UN Global Impact	10 voluntary principles for CSR It is very suitable for SMEs, as a simple set of principles to guide CSR engagement.	http://www.unglobalcompact.org/
ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)	A set of voluntary principles at work, covering areas such as employment, training, conditions of work and life, and industrial relations.	http://www.ilo.org/
ISO 26000	It is a social responsibility standard that provides guidance to all types of organizations – not only in businesses.	http://www.iso.org/sr
UN Guiding Principles on Business and Human Rights	Set of principles to ensure that businesses respect human rights. It builds on three pillars: the state duty to respect and protect human rights, the corporate responsibility to respect human rights, and the access to justice.	http://www.ohchr.org/
IFC Performance Standards on Environmental and Social Sustainability	IFC is the arm of the World Bank providing finance and other services to the private sector in developing and emerging countries, with the purpose of creating “opportunities for people to escape poverty”.	http://www.ifc.org

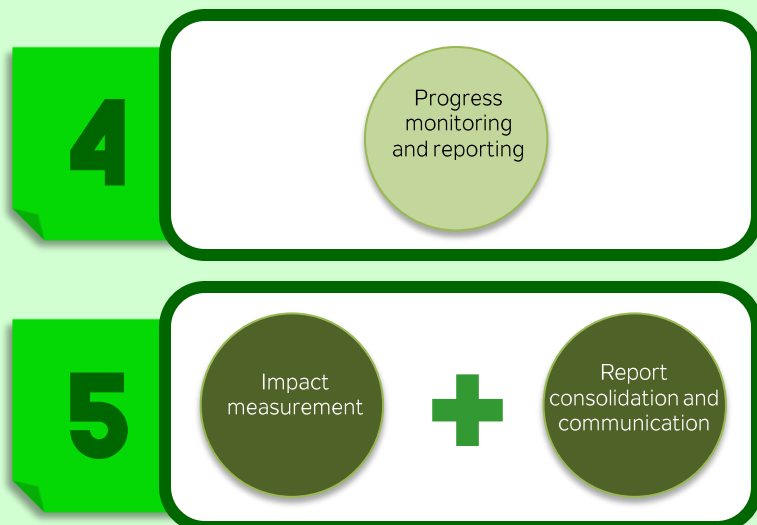
Adapted from Guidebook for Sustainability and Corporate Social Responsibility by the French Chamber of Commerce in Singapore (2012)

FIGURE 1 THE CSR PROCESS

Adapted from Handbook on Corporate Social Responsibility in India by PricewaterhouseCoopers (2013).




Project Implementation



Activity 1:

ASSESSING THE CURRENT SUSTAINABILITY STATUS OF YOUR COMPANY

Put a check mark (☑) if the indicators are already present in your business operations

	 Indicators
	Human resources management system that is fair to your employees
	Diversity in the workplace
	Training or education for employees
	Raising awareness of your staff on sustainable and healthy lifestyles
	Safety in the workplace
	Reduce, Recycle, Recycle of paper and waste
	Saving electricity, fuel and other forms of energy
	Savings in water consumption
	Awareness of employees on the environment and tell them steps that they can take
	Eco-friendly products
	Products are safe for the customers
	Products are of good quality
	Products are sustainable
	Participation in charities and non-profits organizations
	Participation in community activities
	Good relationship with suppliers and customers
	Anti-corruption policies
	Grievance mechanism

Activity 2:

STAKEHOLDER IDENTIFICATION

Shade the bubble with color green if you have positive relationship with this stakeholder group. On the other hand, shade the bubble with color red if you have a negative relationship with this stakeholder group. Leave the bubble if the stakeholder group is irrelevant to your business operations.



Activity 3:

MAKING AN INTERNAL SUSTAINABILITY POLICY

Accomplish the table below.

Vision and Mission	
<p>What is your understanding of sustainability? How will you apply it in your organization?</p>	
Values	
<p>From your understanding of sustainability, what are the values on which your organization would focus on?</p>	
Long-term Objectives	
<p>What are your targets in terms of sustainability in the next five years?</p>	





LABOR PRACTICES

“ You are expected to be socially responsible to your employees by ensuring that you are following the internationally recognized universal standards on labor practices.



A. Comply with the Labor Code of the Philippines

Here are some of the most common and relevant Philippine labor laws and regulations.

As an employer, you are required to pay your employees the minimum wage rate that is stated by the law, shown in Table 3. The minimum wage rate is based on the normal working hours of eight hours a day. When employees are required to work on regular holidays, you are required to provide them 200% of their basic wage. If the holiday falls on their scheduled rest day, they are entitled to an additional 30% of the employee's regular holiday rate of 200%.

You are also required to pay your employees if they worked for more than eight hours a day. If the overtime work falls on an ordinary working day, you are required to pay them an additional overtime rate of 25%. Additionally, if it falls on a rest day or special or regular day, their overtime rate is at 30%.

A night shift differential is also required to be given to employees who work between 10:00pm and 6:00am. A 10% of the ordinary day rate for those who work in the night shift of an ordinary day. On the other hand, a 10% of the rest day, special day or holiday rate is given for those who do overtime work during those days.

You may be exempted from paying your employees with the minimum wage if your company is from the service sector that does not employ more than 10 employees. Other exemptions would be if you have a deficit of 20% or more of current paid-up capital, or your business is new and located outside of the National Capital Region (NCR), or in an export processing zone. If your business falls in one of these categories, you may file a request for exemption from compliance with wage orders from the National Wage and Productivity Council (NWPC). Exemption from paying night differential rate is also given to those businesses

in the retail or service sector that have less than five employees. Hotels, restaurants, and other businesses from the service sector may charge customers an additional 10% of their bill that may be distributed to their employees. About 85% of the service charge is distributed equally to the employees while the remaining 15% may be allotted for losses and breakages and managerial employees. If you stop to collect service charges, you are required to provide them the average share that was previously given to them for the past 12 months. You are also encourage to monitor that the tips given to them are equally distributed.

A violation of this labor code will cost you to fine not less than PhP25,000 nor more than PhP100,000, or imprisonment of not less than two years nor more than four years or both such fine and imprisonment at the discretion of the court. You may also be required to pay your employees double of the unpaid benefits.

The computation of the salary of your workers is as follows:

- 

1 FOR MONTHLY PAID EMPLOYEES:
EMR (equivalent monthly rate) =
 $(\text{Applicable Daily Rate} \times 365) / 12$
- 

2 FOR DAILY-PAID EMPLOYEES:
EMR = $(\text{Applicable Daily Rate} \times 391.50) / 12$
- 

3 FOR WORKERS PAID BY RESULTS:
These employees shall receive not less than the applicable statutory minimum wage rates prescribed under the Regional Wage Order for normal working hours, or a portion thereof.
- 

4 FOR APPRENTICES, LEARNERS & HANDICAPPED WORKERS
You have to provide them 75% of the applicable statutory wage rates.

TABLE 3.
SUMMARY OF THE MINIMUM WAGE RATE IN THE PHILIPPINES

REGION	WO No. DATE OF EFFECTIVITY	NON-AGRICULTURE	AGRICULTURE	
			PLANTATION	NON-PLANTATION
NCR (a)	WO 20/June 2, 2016	P 454.00 – 491.00	P 454.00	P 454.00
CAR (b)	WO 17/June 29, 2015	265.00 – 285.00	255.00 -285.00	255.00 – 285.00
Region I (c)	WO 18/October 2, 2016	243.00 - 280.00	252.00	243.00
Region II (d)	WO 19/January 1, 2016	300.00	280.00	280.00
Region III (e)	WO 19/ January 1, 2016	313.00 - 364.00	298.00 – 334.00	298.00 – 334.00
Region IV-A (f)	WO 17/July 1, 2016	285.00 – 378.00	293.00 – 353.50	293.00 – 333.50
Region IV-B (g)	WO 07/ July 3, 2015	235.00 – 285.00	235.00	235.00
Region V (h)	WO 17/December 25, 2015	248.00 – 265.00	248.00	248.00
Region VI (i)	WO 22/May 2, 2015	256.50 – 298.50	266.50	256.50
Region VII (j)	WO 19/October 10, 2015	295.00 – 353.00	275.00 – 335.00	275.00 – 335.00
Region VIII (k)	WO 19/February 12, 2016	285.00	251.00	245.00
Region IX (l)	WO 19/October 1, 2016	296.00	277.00	267.00
Region X (m)	WO 18/ July 3, 2015	303.00 – 318.00	291.00 – 306.00	291.00 – 306.00
Region XI (n)	WO 19/December 16, 2016	340.00	335.00	335.00
Region XII (o)	WO 19/October 9, 2016	295.00	272.00	272.00
Region XIII (p)	WO 14/ July 1, 2016	280.00	280.00	280.00
ARMM (q)	WO 16, Mar. 1, 2016	265.00	255.00	255.00

Adapted from the Department of Labor and Employment (2017)

- (a) Provided P10 COLA and integration of the P15 COLA under W.O. 19 into the basic pay.
- (b) Granted P5 & P10 under WO No.16 & P2-P8 increase in the basic pay upon effectivity; integration of the remaining P10 & P15 COLA effective Jan.1, 2016
- (c) Granted P12.00 -P27.00 increase in basic pay in the Non-Agri; P19 for Plantation; P16 for Non-Plantation and P27 for Commercial Fishing.
- (d) Granted P45-P53 increase in basic pay for non-agriculture; P37-P45 for agriculture; P53-P61 for retail/service employing more than 10 workers and P31 for R/S employing less than 10 workers

- (e) Granted P15.00 wage increase in the basic pay for all regions in two tranches: P8 upon effectivity & P7 effective May 1, 2016.
- (f) Granted P20 increase in basic pay for retail/service establishments with less than 16 workers in Aurora province; P10 upon effectivity & P10 effective May 1, 2016.
- (g) Granted P12 increase in the basic pay for workers receiving below P267, and P13 SEA for workers receiving above P267
- (h) Integrated the P5 COLA into the basic pay & granted P5-P30 increase in basic pay to be given in four tranches
- (i) Granted P5.00 and P12.00 increase in basic pay.
- (j) Granted P11.50 wage increase
- (k) Granted P13 increase in basic pay within Metro Cebu and P10 for all sugar mill workers
- (l) Granted increase in basic pay for the following: P25(Non-Agri); P23 (Sugar mills); P15 (cottage/handicraft); P10 (R/S employing 10 workers and below); P15 (R/S employing 11-30); and P10 (Agriculture non-sugar and sugar farm)
- (m) Granted P16 wage increase in basic pay for Non-Agriculture upon effectivity; P28 for Agri-Plantation and P48 for Agri-Non-Plantation and Cottage/Handicraft to be given in 3 tranches and P23 increase for R/S employing not more than 30 workers to be given in 2 tranches.
- (n) Granted P12 wage increase
- (o) Granted P23-29 increase in basic pay and integration of the P54 COLA under WO18 into the basic pay on May 1, 2017. An additional P10 increase will be given on May 1, 2017 for workers in R/S employing not more than 109 workers.
- (p) Granted P15-P20 wage increase in basic wage and integration of the P5 COLA under W.O. No. 18 into the basic wage.
- (q) Granted P7 increase in basic pay upon effectivity and P5 COLA effective on October 1, 2016.
- (r) Granted P5 and P15 per day wage increase for Non-Agriculture and Agriculture sector respectively.



B. Create Internal Policies Aligned with the Labor Code of the Philippines

Ensure that the other business that you transact with also have policies that are aligned with the Labor Code of the Philippines.



C. Communicate your Internal Policies with your Employees

OBJECTIVES

1. Establish a model of suitable behavior for the company, its suppliers, customers, and its staff.
2. To improve corporate's image

STAKEHOLDERS

Employees and suppliers

DESCRIPTION

Development and implementation of a Code of Conduct in which the principles and behaviors that constitute the duties of the people in the company are defined.

STEPS

1. Build a work team.
2. Read international and local guidelines to understand the methodologies in developing a code of conduct, as well as the minimum content to be included.
3. Develop a code of conduct, taking into account the mission, vision and values of the company.
4. Review and approve the code of conduct.
5. All staff have to sign their commitment to compliance with the principles and behaviors outlined in the code. Disseminate this to your employees.

Table adapted from Corporate Social Responsibility: Good Practices & Recommendations by the Developing Sustainable Regions through Responsible SMEs (n.d.)



D. Monitor Your Process

It is important to keep track of your performance in order to have a basis on the impacts of your human rights policies. In this way, you may also have a record of your human rights impact, and it will be easy for you to produce a sustainability report. You may also record the number of accidents that happened in your work area.



E. Assess Your Impacts

Assess whether your policies create negative and positive impacts. If you have negative impacts, assess your current policies by asking your employees what went wrong and what could have been improved. You should also engage your suppliers if your company imposes negative impacts to them in terms of labor and human rights.

There must also be a training in health and safety if needed. You must also have an occupational health and safety management system.

OBJECTIVES

1. Improve the management of the risks of occupational health and safety. Demonstrate the commitment of the company to workers.
2. To ensure compliance with the law on occupational risk prevention.

STAKEHOLDERS

Employees

DESCRIPTION

Workplace's Health and Safety are very important to any organization, since legislation is increasingly demanding, economic policies and other measures are developed to encourage health and safety good practices and there is an increasing concern of stakeholders in this area. Occupational Health and Safety Management System helps to protect the company and its employees.

STEPS

1. Build a work team.
2. Provide training.
3. Define the health and safety policy.
4. Identify risks and legal requirements.
5. Implement the health and safety management system, i.e. implement procedures and work instructions identified.

Table adapted from Corporate Social Responsibility: Good Practices & Recommendations by the Developing Sustainable Regions through Responsible SMEs (n.d.)



F. Ensure the Safety of Your Employees

If you provide housing for you employees, ensure that the houses and dormitories are clean, safe and appropriate to use.



G. Comply with International Labor and Human Rights Standards

You may also use international labor and human rights standards as basis for you company policies. You may use the standards given by the International Labour Organization, “ILO Declaration on Fundamental Principles and Rights at Work” as basis for your internal policies.



H. Prioritize the Health and Wellness of Your Employees

Be concerned with the health status of your employees. This includes physical and mental well-being. If possible, you may put a clinic in the work area.



I. Invest in Your Employees

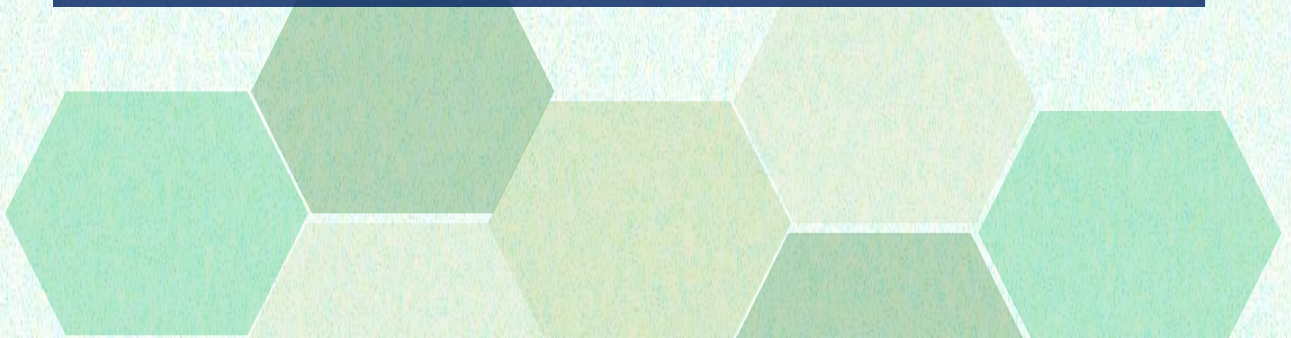
This includes allowing them to join training and seminars that may improve and enhance their skills. If you have employees that have not finished their education, you may develop programs that would enable them to finish their studies.





PRODUCT RESPONSIBILITY

“As an SME, you must be concerned with the products and services that directly affect stakeholders, and customers.”





A. Assess the Impacts of Your Products by Asking these Questions



After you have assessed the impacts, you may research on better alternatives that could minimize the impact, such as biodegradable packaging.



B. Encourage Your Consumers to be Responsible in Handling Your Products

You may include instruction on how to properly dispose your products in the packaging.



C. Do Not Provide Misleading Statements About Your Products

It is best to always provide honest and responsible information to your consumers.



ENVIRONMENT

Climate change has pressured the business community to practice carbon management. Aside from this, sustainability in companies' operations must encompass brand reputation, employee satisfaction, and other economic and financial factors. The efficient management of energy also helps in reducing the costs for business. Multinational companies have already taken action in managing their greenhouse gas emissions and reducing their climate impact. The New York Times named travel and transportation as an "environmental sin" because of its significant contribution to the carbon footprint.



A. Comply with Environmental Policies in the Country

These are the following:

- i. Chain Saw Act of 2002
- ii. Philippine Plant Variety Protection Act of 2002
- iii. Wildlife Resources Conservation and Protection Act
- iv. National Caves and Cave Resources Management and Protection Act
- v. Ecological Solid Waste Management Act of 2000
- vi. Philippine Clean Air Act of 1999
- vii. Philippine Fisheries Code of 1998
- viii. Animal Welfare Act of 1998
- ix. Agriculture & Fisheries Modernization Act of 1997
- x. The Indigenous Peoples Rights Act of 1997
- xi. An Act for Salt Iodization Nationwide (ASIN)
- xii. Coconut Preservation Act of 1995
- xiii. The Water Crisis Act of 1995
- xiv. Philippine Mining Act of 1995
- xv. Amendment to the Agrarian Reform Code
- xvi. High-value Crops Development Act of 1995
- xvii. National Integrated Protected Areas System Act of 1992
- xviii. Seed Industry Development Act of 1992
- xix. Tax Laws Incorporated in the Revised Forestry Code
- xx. People's Small-scale Mining Act of 1991
- xxi. Toxic Substance & Hazardous & Nuclear Wastes Control Act of 1990
- xxii. National Water & Air Pollution Control Commission Act
- xxiii. Prohibition Against Cutting of Trees in Public Roads, Plazas, etc.
- xxiv. Philippine Environmental Code – Presidential Decree No.1152
- xxv. Philippine Environmental Policy – Presidential Decree No. 1151
- xxvi. The Water Code of the Philippines – Presidential Decree No. 1067
- xxvii. National Pollution Control Commission – Presidential Decree No. 984
- xxviii. Marine Pollution Decree of 1976 – Presidential Decree No. 979
- xxix. Code on Sanitation of the Philippines – Presidential Decree No. 856
- xxx. Penalty for Improper Garbage Disposal – Presidential Decree No. 895
- xxxi. Revised Forestry Code of the Philippines – Presidential Decree No. 705
- xxxii. Philippine Fisheries Code of 1975 – Presidential Decree No. 704
- xxxiii. An Act to Reserve to the Philippine Legislature the Disposition of the Waters of the Public Domain for Utilization and Development of Hydraulic Power
- xxxiv. An Act to Protect Wild Flowers and Plants in the Philippine Islands and to Prescribe Conditions under which they may be Collected, Kept, Sold, Exported, and for Other Purposes

There are international standards on environmental protection that you may use as a guide for your business. These are some of the following that you may look into:

- i. UN Conference on Environment and Development
- ii. International Institute for Sustainable Development
- iii. UNESCO World Heritage List
- iv. UN Environment Programme
- v. UNDP Human Development Report 1997
- vi. ISO 14001



B. Assess Your Impacts

Ensure that you are minimizing and handling your waste properly.



C. Reduce Your Carbon Footprint

The following are some suggestions on how you can lower your carbon footprint:

1 Paper

- i. Automatically set your printers to print in both pages to save paper. If possible, print in smaller font to reduce paper usage. Install also a software that would measure the printing usage of employees to raise their awareness if they are printing too much.
- ii. Save important files in an external drive rather than printing them and storing in boxes. Use Adobe Acrobat or any software that would provide your e-signature rather than printing documents then signing them.
- iii. Call the companies that send you an unsolicited mail to remove you from their mailing list to cut paper usage.

2 Electricity

- i. Enable sleep mode options to all equipment. This allows a company to save money for electricity and avoids equipment to worn out easily.
- ii. Encourage employees to unplug all appliances and equipment. If 50 employees unplug their computers at the end of a day, the reduction in carbon emissions is equal to 40 tons which also equal to the emissions of 11 cars.
- iii. Also use compact florescent light bulbs (CFLs) or T8 or T5 florescent tubes because reduce energy consumption by almost 40%. Also consider using motion-sensitive lights. If possible, use natural lighting inside the office.

3 Transportation

- i. Dedicate a day specific for each employee to allow them to work from home. This saves a significant amount of an organization's carbon footprint because it saves the energy that is supposedly used for commuting. It also increases staff retention.
- ii. Promote walking and cycling as a mode of transportation among the employees by installing bike racks and shower rooms.
- iii. As much as possible, travel by train or bus instead of travelling by plane. This practice is 90% more carbon efficient than the latter.
- iv. When you have to order food for meetings or any occasion, order from restaurants that are nearby your office to cut down the use of gas and to lower the emission of pollutants.
- v. Encourage carpooling among employees. If possible, provide shuttle buses that would transport the employees to train stations, shuttle and bus terminals.

4 Waste

- i. Use refills in replacing cartridge instead of buying new ones in order to save money and reduce waste.
- ii. Label recycling bins. It is also important to educate the employees on what goes in each bin.

5 Others

- i. Dedicate a meat-free day. Consuming meat requires greater carbon footprint than eating vegetables.
- ii. Studies have shown that a typical search on Google produces 7 grams of carbon dioxide. However, one cannot avoid using the search engine, so it is recommended to bookmark the pages or websites one usually go to.



D. Design an Environmental Management Plan

OBJECTIVES

1. To establish the guidelines for sustainable business.
2. Identify environmental aspects of the company.
3. Define guidelines to minimize environmental risks caused by the activities carried out by the company.

STAKEHOLDERS

Employees, suppliers, clients, and society

DESCRIPTION

The Environmental Plan is a tool through which members of a company are committed to manage the negative environmental impacts of its activities, products, and/or services, in order to avoid or reduce those negative effects. This plan includes objectives, responsibilities, and deadlines required to reduce the environmental impact.

STEPS

1. Build a committee or an environmental team, and define its functions.
2. Provide training to the committee related to environmental issues, if necessary.
3. Identify environmental aspects of activities or business processes that can generate negative impacts on the environment.
4. Set environmental objectives for each environmental aspect identified, and identify resources, responsibilities, and deadlines for each one.
5. Write the EMP.
6. Review and approve the EMP.
7. Disseminate to all staff in the company, the EMP through the internal means of communication.
8. Follow up the EMP.

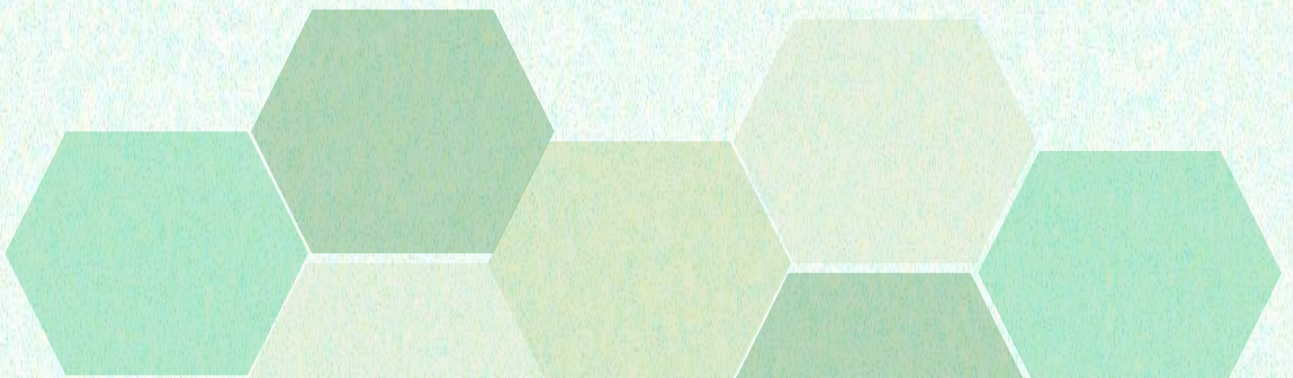
Table adapted from *Corporate Social Responsibility: Good Practices & Recommendations by the Developing Sustainable Regions through Responsible SMEs (n.d.)*





SOCIETY

“ You must also be concerned with the impacts of your operations to society and local communities. You must respect the rights of individuals and the collective community rights, and indigenous and tribal peoples’ rights. Your stakeholders have the right to be free, prior and informed consultation





A. Identify Your Stakeholders

This is done by making a list of the names of individuals and groups that are affected by your business operations. After identifying, it is important to conduct regular stakeholder meetings with them. This is to identify their issues and expectations from your company. In this way, you can develop a strong relationship with them. Conduct socioeconomic assessment on the community.

Identification and Dialogue with Stakeholders

OBJECTIVES

Identify stakeholders, in order to take them into account to meet their needs and expectations

STAKEHOLDERS

All the stakeholders

DESCRIPTION

The company must consider and attempt to meet the requirements of its stakeholders.

STEPS

1. Build a work team.
2. Identify persons, groups or entities, internal and external that may influence or be influenced by the goals of the company. For this purpose, brainstorming is recommended.
3. Establish the methodology for identifying needs and expectations. Development of a dialogue map.
4. Implement the dialogue map.

Table adapted from Corporate Social Responsibility: Good Practices & Recommendations by the Developing Sustainable Regions through Responsible SMEs (n.d.)



B. Assess

After you have identified the issues that your stakeholders have, it is important to assess your current business operations in order for you to minimize the negative impacts you may have been imposing to them.



C. Formalize Your Partnership with the Community

Define your planned activities, expected outcomes, and time frame.

Social Action Project

OBJECTIVES

1. Contribute to the improvement of the communities where the company operates.
2. Assist on the resolution of social issues, providing available resources.

STAKEHOLDERS

Society

DESCRIPTION

Social project seek to achieve an impact on the society's quality of life and can be carried out by companies in their CSR strategy.

STEPS

1. Build a work team.
2. Design the social action project.
3. Identify susceptible collaborative entities to carry out the social action project.
4. Contact with the entities to determinate collaboration agreements to carry out the social action project.
5. Design the draft of the Agreement with the Social Action Project. Review and approve the Agreement.
6. Implement and follow up the Agreement.

Table adapted from Corporate Social Responsibility: Good Practices & Recommendations by the Developing Sustainable Regions through Responsible SMEs (n.d.)



D. Prioritize Local Suppliers

As much as possible, buy your raw materials from local suppliers. In this way, you are helping the local economy by providing employment to the locals and helping them out in their business. You have to also communicate with your suppliers regularly.



E. Monitor and Measure the Impacts of Your Activities to the Community

This could be done by conducting a benefit cost analysis of your community projects.

OBJECTIVES

1. To know the produced impact of the company on its operating environment, through its developed activities
2. Implement corrective actions to encourage the growth of the positive impact, while reducing the negative one.

STAKEHOLDERS

Society

DESCRIPTION

The companies while in its activities impact positively or negatively on its operating communities. One socially responsible company, through dialogue with stakeholders, identifies these impacts and tries to implement mechanisms to reduce the negatives and enhance the positive ones.

STEPS

1. Measure the impact of the company in society. For that purpose, collect, for example, information regarding: (a) Awards, recognitions received in recent years; (b) Employment created in the environment; (c) Support to entrepreneurs; (d) Suppliers from the local environment and/or from labor insertion companies; (e) Projects in which has participated to promote local development, etc
2. Establish indicators and objectives
3. To propose actions to improve results
4. To implement, measure and follow up these actions.

Table adapted from *Corporate Social Responsibility: Good Practices & Recommendations by the Developing Sustainable Regions through Responsible SMEs* (n.d.)



Sustainability Reporting for SMEs

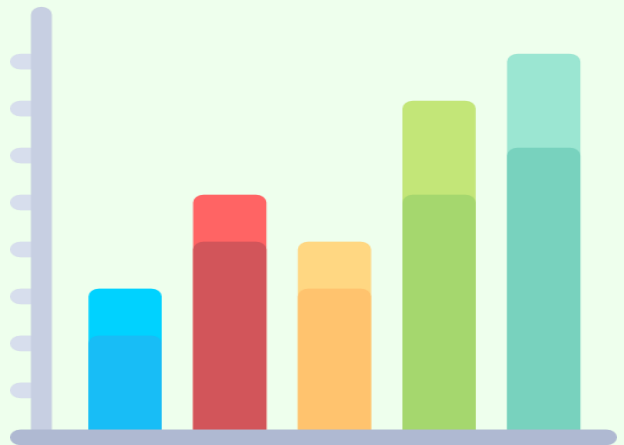
A sustainability report provides information on your company's most important impacts – positive or negative – on the environment, society and the economy.

The Global Reporting Initiative's Sustainability Reporting Guidelines are the most widely used, comprehensive sustainability reporting standard in the world. Your company can use these guidelines to develop your sustainability impacts and performance. This information can be used to assess opportunities and risks, enable more informed decision-making – both within your business and among your stakeholders, such as your clients. By developing and communicating your understanding about the connections between sustainability and your business, your company can measure its performance and manage change. This will drive improvement and innovation inside your company.

In recent years, small and medium-sized enterprises (SMEs) in various regions have begun to publish their sustainability reports. The Global Reporting Initiative (GRI) has followed this movement through a number of projects since 2008. Businesses that have participated in these projects say that the value of the reporting process was much

greater than they had anticipated at the beginning of the process. They found that sustainability reporting helped them to identify their most significant issues to focus on and from there improve productivity and make cost savings. In addition, their competitiveness often improved after gaining access to new markets and new clients.

To conclude, GRI's experience is that many SMEs believe that there is a clear connection between sustainability reporting and achieving real change within their company.



Adapted from Ready to Report? Introducing Sustainability Reporting for SMEs by the Global Reporting Initiative. (2014).

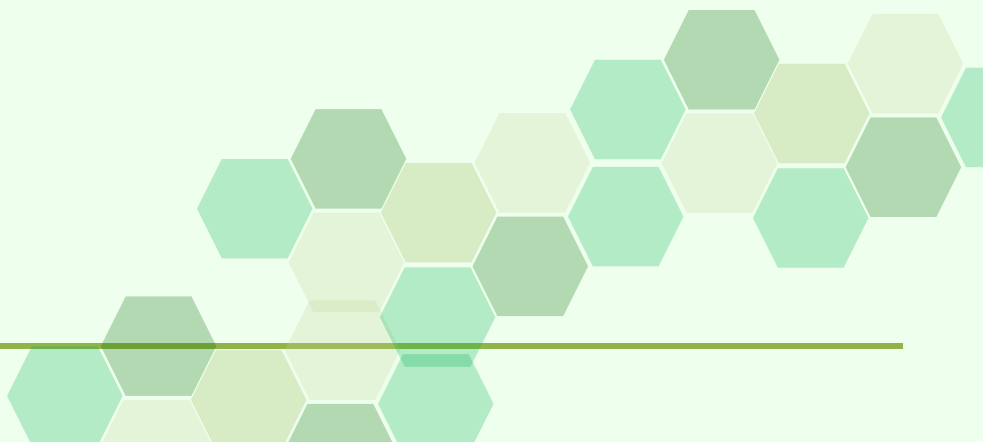
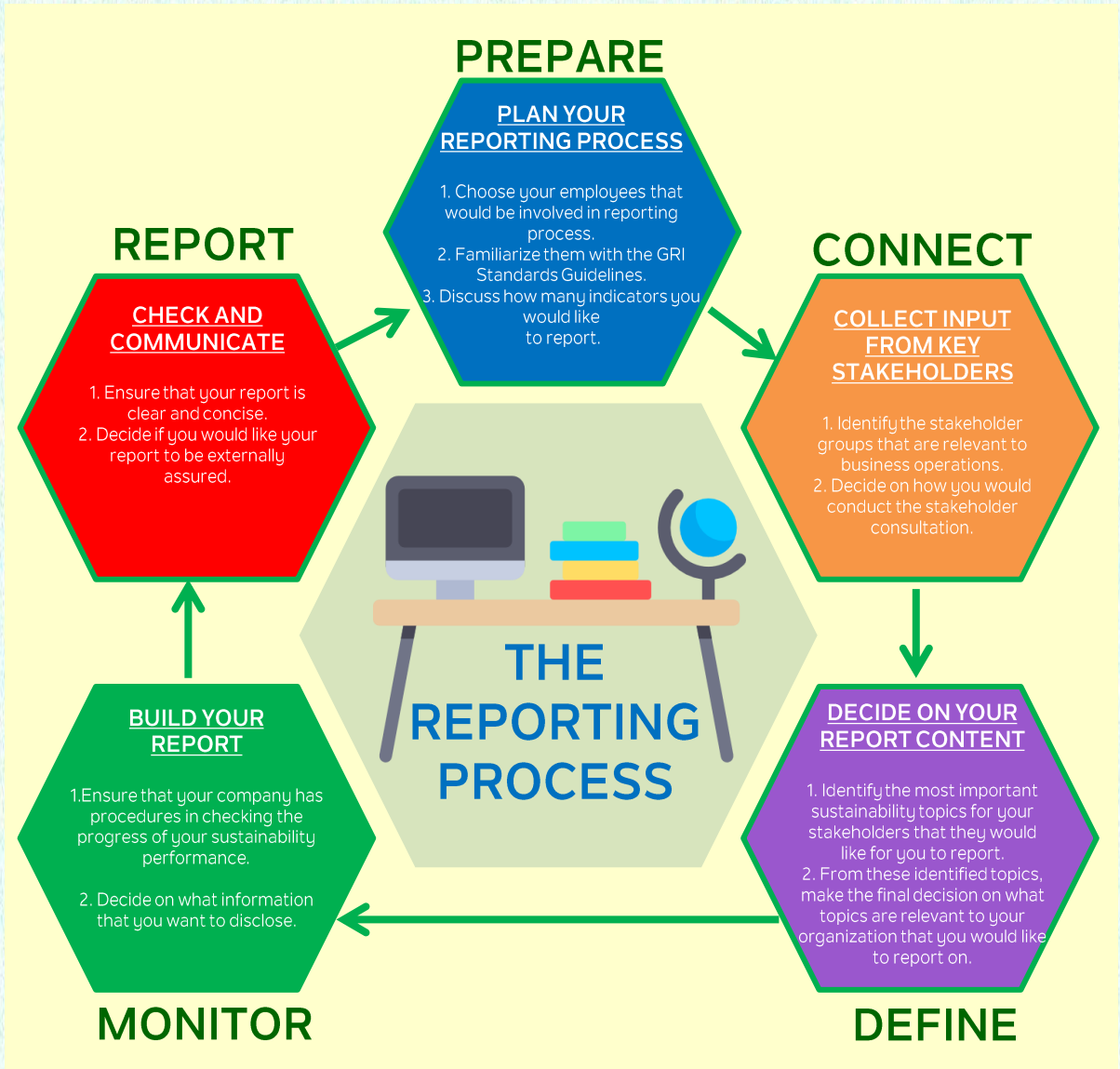


FIGURE 2
THE REPORTING PROCESS



Adapted from *Ready to Report? Introducing Sustainability Reporting for SMEs* by the Global Reporting Initiative. (2014).



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Round Table Discussion in Iloilo City



Round Table Discussion in Naga City



Round Table Discussion in Naga City



Round Table Discussion in Naga City



Round Table Discussion in Naga City



Round Table Discussion in Naga City



Round Table Discussion in Davao City



Round Table Discussion in Davao City



Round Table Discussion in Davao City



Round Table Discussion in Davao City



Round Table Discussion in Davao City



Round Table Discussion in Davao City



List of SMEs and Business Organizations that Participated in the Round Table Discussion

ILOILO CITY

MARCH 1, 2017

1. Ilo-Ilo 3B Auto Parts
2. Popa Agriventures
3. D'Aaron Native Handwoven Products
4. International Builders Corporation
5. IHRRA
6. ASSRT
7. Investor Relations Global, Inc.
8. International Entrepreneur of Ilo-Ilo Philippines
9. FSG Pawnshop, Inc.
10. Ilo-Ilo Business Club

NAGA CITY

MARCH 23, 2017

1. Metro Naga Chamber of Commerce and Industry
2. NACIPEMCCO
3. PICDA
4. Sterling Insurance
5. LCC
6. VPJS, Inc.
7. Blossoms and Bubbler Manpower
8. Empire Trade Center
9. SM Naga
10. Naga garden
11. ESGM
12. Prulife UK
13. X-TRA I-II
14. NCF
15. Regent Hotel
16. Edgepoint
17. Fodgepoint
18. Ateneo de Naga University
19. HP Property Mgt.
20. Jeriroy's Kitchenette
21. WRI
22. University of Nueva Caceres
23. OMS
24. Sterling Bank of Asia
25. Uxnani Inc.
26. CDS Realty
27. Philippine National Bank
28. GNNTV
29. Perhelitos
30. Piazza San Giovanni Town Center

DAVAO CITY

APRIL 3, 2017

1. Nelyn Handicraft
2. BFAR XI
3. BDO
4. Madame Sheryl's Marketing
5. JED Souvenir Shop
6. MD Tours Sales and Services, Inc.
7. Ellixer Phils Adv.
8. Lake Avluan Gourmet
9. Balaybalay 3D Architecture Puzzles and Swito Designs
10. Seventh Scents Marketing
11. NEO Button Enterprises
12. DP Fabrication and Machineries
13. Valmonte Trade Ventures
14. Valmonte Pharmaceuticals
15. Sofias' Homebaked Goodies
16. Salazar's Tribal Wear
17. Davao Arnril
18. Alsons Development and Investment Corp.
19. Consulate of Japan
20. DP Fabrication
21. St. Camille Hospital
22. DA-AMAD X
23. DCCII
24. ACCRA Law Office
25. ACF Consultancy and Training Services
26. Electricity Solutions, Inc.
27. Hijo International Trading Singapore Shared Services
28. Great Gifts Souvenirs International
29. Hijo Resources Corporation
30. Hi-Temp Industrial Trading and Allied Services
31. Mapecon Phils.
32. Mindanao Water Bottling Corporation
33. NGP Integrated Marketing Communications, Inc.
34. Nutri-health International Unlimited Co.
35. Philinsure
36. Philippine Airlines
37. Star Hotel
38. Ateneo de Davao University
39. Tinhath Co. Inc.
40. Grand Regal Hotel



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