

Corporate Social Responsibility of Microfinance Institutions (MFI's) In Cabanatuan City and Its Effect on Their Operations - Basis for Strategic Plan

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ABSTRACT

This study examines the impact of Corporate Social Responsibility (CSR) on the operational effectiveness of Microfinance Institutions (MFIs) in Cabanatuan City, Nueva Ecija. The research aims to assess the influence of CSR initiatives on business operations, particularly in terms of operational efficiency, financial performance, and institutional reputation. It also seeks to identify challenges encountered in CSR implementation and provide strategic recommendations for enhancing CSR integration within MFIs.

The study employs a quantitative research design, utilizing a descriptive-correlational approach to analyze the relationship between CSR activities and business operations. Purposive sampling was used to select 28 key employees from registered MFIs in Cabanatuan City who actively engage in CSR initiatives. Data collection was conducted through structured surveys and questionnaires, which were analyzed using statistical methods to determine the extent of CSR's impact on operational performance.

Findings indicate that while CSR initiatives contribute positively to the financial performance of MFIs by improving access to funding and investment opportunities, their impact on operational efficiency and brand reputation remains minimal. The study highlights key challenges in CSR implementation, including resource constraints, limited employee engagement, and difficulties in maintaining long-term community partnerships.

Additionally, sustainability concerns regarding consistent funding for CSR initiatives were identified as a recurring issue.

Based on the findings, the study recommends dedicated CSR directors, improving impact assessment mechanisms, and enhancing employee and community engagement to strengthen CSR practices. The results provide valuable insights for MFI's aiming to balance financial sustainability with social responsibility, ultimately contributing to the broader discourse on CSR role in financial inclusion and economic development in the Philippines.

Business Sustainability, Cabanatuan City, Community Engagement, Corporate Social Responsibility,

Financial Inclusion, Microfinance Institutions, Operational Efficiency, Purposive Sampling, Quantitative Research, Strategic Planning.

THE PROBLEM AND ITS BACKGROUND

Introduction

Doing business is not only analogous to earning money but also a portrayal of business objectives and goals. It is a deeper connection between economic value and a commitment to its stakeholders. The traditional concept of “business of business is business” is non-existent in today’s modern business environment but rather it is the rise of Corporate Social Responsibility (CSR). CSR nowadays is not only seen as a charitable and philanthropic activity but rather a strategic tool that a company can use to promote the long-term sustainability of the business. CSR has been as well as a way of striking a balance between making a profit while fulfilling its moral obligation to the community where the business is situated. One of the business industries that is open to CSR is the Financial Institutions. Financial Institutions in terms of serving their client through financing activities also engage in CSR programs that can widen their corporate strategy, recognizing its role in enhancing operational efficiency, building brand trust, and contributing to social welfare (Meng & Imran, 2024).

Microfinance Institution (MFIs) is currently considered one of the most important tools for international development and poverty alleviation (Mader, 2016). Such businesses have been at the forefront of incorporating CSR into their business operations. The operations involve empowering low-income people and marginalized communities by providing services such as financial access and financial literacy. MFIs worldwide show how CSR can do business while doing social activity.

In the Philippines, the importance of CSR has grown significantly. This can be seen both in the public and private sectors which are now igniting the inclusion of CSR to its business strategies. In addition, laws and other regulations to shifting to sustainable and responsible practices have been promoted by the country, particularly in MFIs. CSR in Philippine MFIs is seen as a mechanism to support financial inclusion, empower communities, and contribute to national development goals. Nevertheless, though CSR objectives are well defined there are still difficulties in understanding the program, businesses do not have enough resources to integrate into the business operations and match the business processes.

Narrowing it down, there are MFIs located in Cabanatuan City, which is a developing economic center in the province of Nueva Ecija, that plays a crucial role in offering financial services to marginalized communities. These businesses are regarded as practicing CSR activities; however, it has been observed that despite the critical role it plays in the local economic development of the City, the extent to which CSR practices have been integrated into their operations and the corresponding effects on their efficiency and financial performance have yet to be extensively explored. There are current activities such as community engagement and financial education done by the MFIs and show a notable impact on the community but in terms of the impact on the institutional operation, client loyalty and sustainability of the internal side of the business remain to be unexplored.

Though many CSR studies suggested the impact of the activities on the community there are still gaps in terms of how CSR initiatives influence day-to-day operational efficiency, employee engagement, and financial performance at the local level. This study seeks to fill that gap by examining the relationship between CSR and the operational effectiveness of MFIs in Cabanatuan City, with the ultimate goal of providing strategic recommendations that can enhance CSR integration and improve institutional performance. This will go by exploring how CSR influences key operational areas such as resource allocation, employee engagement, and community involvement and the challenges encountered to strengthen their commitment to both social responsibility and business sustainability. Thus, the researchers want to assess the impact of CSR of MFIs in Cabanatuan City and its impact on their business operation, providing a basis for developing a strategic plan.

LITERATURE REVIEW

This section presented the related literature and studies that provide background in the study’s conceptualization.

Corporate Social Responsibility (CSR) refers to a company's commitment to manage its business processes in a way that produces a positive impact on society and the environment and it has a huge relevance to MFIs. For MFIs, CSR practices are increasingly seen as essential for aligning their financial goals with social objectives (Yunus, 2017). CSR in MFIs typically involves responsible lending, supporting local development projects, and promoting financial inclusion. Recent studies suggest that

CSR initiatives can enhance the legitimacy and reputation of MFIs, thus attracting more clients and investors (Rao & Sahu, 2015).

In line with this, a research by Johnson and Khandoker (2016) investigates how CSR practices influence the financial sustainability of MFIs. They argue that CSR activities, such as offering financial literacy programs or developing environmentally sustainable loan products, can attract socially-conscious investors and clients. Furthermore, these initiatives contribute to the long-term stability of MFIs by reducing the risk of defaults and improving loan repayment rates.

In a study of 180 MFIs in South Asia, Ahmed et al. (2019) found that institutions that actively engaged in CSR had higher operational efficiency, lower client attrition rates, and greater market share. These outcomes were particularly evident in regions where CSR was aligned with local community needs, such as providing education loans or supporting small-scale enterprises.

Apaet from, MFIs often rely on building strong relationships with clients, particularly in rural or low-income communities. CSR initiatives have been shown to improve customer loyalty by demonstrating a commitment to the well-being of clients beyond financial transactions. According to a study by Chahine (2020), MFIs that incorporated CSR strategies such as community development and healthcare programs reported higher levels of client satisfaction and trust. These factors, in turn, contributed to better client retention and positive word-of-mouth recommendations, which are crucial for business growth in the microfinance sector.

While CSR is often associated with the financial benefits it brings to businesses, its primary goal in the context of MFIs is to create positive social impact. A study by Rajan and Kumar (2018) highlights how CSR initiatives can lead to improved socio-economic conditions in underserved areas by providing access to education, healthcare, and clean energy. These projects not only enhance the well-being of clients but also help MFIs achieve their social mission, strengthening their position as ethical and responsible lenders.

Moreover, in the Philippine context, MFIs have been seen to integrate CSR practices into their operations to not only enhance their social mission but also boost their operational sustainability (Ocampo & Cabral, 2019). By offering microloans, MFIs enable small businesses to grow, empowering individuals and alleviating poverty. The relationship between CSR and operational success has been the subject of increasing research. It has been argued that a strong CSR program in MFIs can lead to increased client satisfaction, enhanced community relations, and ultimately improved financial performance (Roodman & Morduch, 2014).

Numerous studies have examined how CSR practices influence the operations of MFIs. For instance, some scholars have found that CSR activities like educational support, healthcare initiatives, and environmental protection help build trust with clients and strengthen the institution's reputation (Vargas, 2020). Other research has shown that CSR efforts directly influence operational outcomes, such as increased loan repayment rates, lower default risks, and improved client loyalty (Miller & Younis, 2017).

Research by Antonio et al. (2021) on MFIs in the Philippines highlighted that institutions with a well-defined CSR strategy are better positioned to attract socially-conscious investors and donors, which helps them expand their services and reach more clients. Similarly, Cabanatuan City's MFIs, known for their community-based projects, have demonstrated the importance of aligning business operations with social development goals. This alignment helps in increasing both the financial and social bottom lines of these institutions (Dela Cruz & Santos, 2022).

However, despite the benefits, there are challenges to integrating CSR into MFI operations. According to Vanniarajan (2020), some MFIs struggle with balancing social goals with financial objectives, especially in

competitive markets where profit maximization is the primary driver. Additionally, CSR activities require significant investment, and smaller MFIs may lack the resources to implement large-scale social initiatives. There is also the issue of CSR being perceived as a marketing tool rather than a genuine effort to improve social welfare, which can undermine the credibility of MFIs.

On the other hand, in Cabanatuan City, a growing number of MFIs have begun to see CSR as a crucial strategic tool. With the rise of competition in the microfinance sector, these institutions are leveraging CSR to differentiate themselves in the market. Local MFIs, such as the Cabanatuan City Microfinance Cooperative (CCMC), focus on providing microcredit services while promoting economic empowerment through sustainable farming practices, skills training programs, and youth entrepreneurship initiatives (Dizon, 2023). These activities not only serve the community but also enhance the institution's brand value and operational effectiveness.

A study by Manlapig et al. (2023) emphasized that MFIs in Cabanatuan City which invest in CSR initiatives report higher customer retention rates and greater community support, suggesting a positive correlation between CSR and operational success. Furthermore, these practices help in reducing social risks and can provide MFIs with a competitive advantage in terms of attracting both customers and capital.

Conceptual Framework

To evaluate the corporate social responsibility (CSR) policies of microfinance institutions (MFIs) in Cabanatuan City, Philippines, this study is based on Carroll's Pyramid of CSR, the Triple Bottom Line (TBL), and Agency Theory. In addition to offering strategic advice, these theories offer a thorough framework for describing the reach, application, effects, and difficulties of corporate social responsibility.

Four levels of corporate responsibility are delineated by Carroll's Pyramid: altruistic, ethical, legal, and economic. The following criteria will direct how MFIs' CSR practices are described and assessed (1) Economic Responsibilities: How MFIs pursue CSR initiatives while maintaining financial stability; (2) Legal Responsibilities: Adherence to legal mandates in CSR projects; (3) Ethical Responsibilities: Upholding moral principles and stakeholder demands when implementing CSR; and (4) Philanthropic: Beyond monetary rewards, philanthropic responsibilities include voluntary contributions to community development.

Additionally, the Triple Bottom Line (TBL) offers a framework for assessing how CSR initiatives affect the economy, society, and environment. It is essential to examine how CSR improves internal procedures and output, the results of CSR involvement in terms of profitability, and lastly how CSR affects community interactions and public opinion.

Lastly, the Agency theory was used concerning the potential disputes between managers (agents) and stakeholders (principals). This theory will clarify the difficulties in implementing CSR, specifically in striking a balance between operating budgets and CSR expenditures, encouraging employees to take an active part in CSR projects is known as employee engagement, making sure that the demands of the community and company objectives are in line and continuing CSR initiatives over an extended time despite resource limitations. This theory will be applied in the study to analyze the structural problems that impede efficient CSR procedures and to suggest solutions.

By connecting these three ideas, this conceptual framework guarantees a comprehensive method for comprehending and assessing CSR among MFIs in Cabanatuan City. It provides a strong framework for examining the impact, difficulties, and integration of CSR activities into corporate operations, which eventually yields useful information for strategic CSR planning.

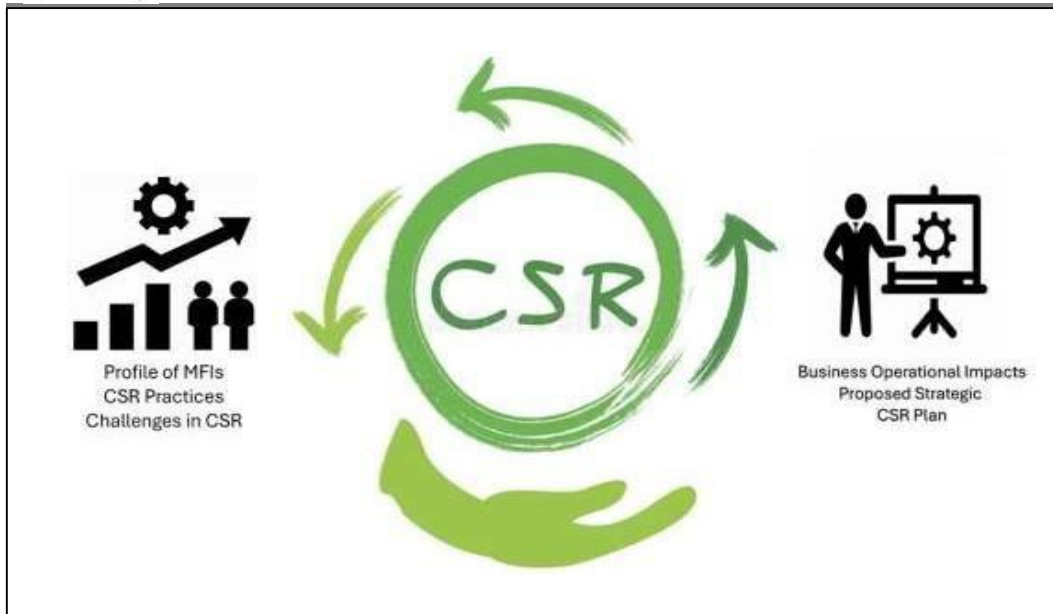


Figure 1 Research Paradigm

These elements formed the basis of the study's main idea. The study looked at the operational impacts and difficulties of the CSR methods that MFIs use, intending to create a strategy plan to maximize their CSR efforts.

Comprehensive profiles of MFIs, including their kind, operational scope, and CSR implementation techniques, are gathered for the study. The study used this data to assess how well various CSR activities fit with the more general objectives of community involvement and sustainable development. The assessment of current CSR programs, organizational awareness, and commitment levels, and the obstacles to incorporating more effective CSR tactics into daily operations.

Moreover, the study assessed the impact of programs on business metrics such as customer satisfaction, community trust, and operational efficiency and vice versa. In hopes of offering strategic recommendations that are tailored to the specific opportunities and challenges that MFIs operating in Cabanatuan City face, the researcher seeks to leverage these findings. Not only will this strategic plan enhance the integration of CSR, but it will also ensure that it is aligned with operational resilience, sustainable growth, and the performance of social responsibilities.

By examining the connection between CSR practices and operational effectiveness, the study seeks to provide MFIs and policymakers with useful insights that will encourage a more robust and meaningful approach to social responsibility in the microfinance sector.

Statement of the Problem

The study aimed to assess the effect of Corporate Social Responsibility on the business operations of Microfinance Institutions in Cabanatuan City.

Generally, it sought to answer the following questions:

How may the profile of MFI'S in Cabanatuan City be described in terms of:

Form of Business

Years in Operation

Scope of Operation

Existing Facilities

Services Offered

Number of Employees

Affiliation or Accreditation (if applicable)

How may the Corporate Social Responsibility of MFI'S s in Cabanatuan City be described in terms of:

Scope, Description, and Guidelines

Implementation

Monitoring and Evaluation

Best Practices

How may the impact of the Corporate Social Responsibility of MFI'S in Cabanatuan City be described in terms of:

Operational Efficiency/Productivity

Financial Performance

Reputation and Brand Image

How may the challenges of the Corporate Social Responsibility of MFI'S in Cabanatuan City be described in terms of:

Resource Allocation

Employee Engagement

Community Engagement

Sustainability

What strategic Corporate Social Responsibility plan may be proposed as a result of the study?

Scope and Limitations of the Study

This study examined how Cabanatuan City's Microfinance Institutions' (MFIs') Corporate Social Responsibility (CSR) policies affected their day-to-day operations. The study's participants are MFI representatives. Since the list of MFIs is based on the most recent information available from the City of Cabanatuan's Business Registry, some of the companies listed may lack or don't engage in CSR, thus elimination from the list was done by the researchers.

The study's focus is restricted to analyzing the MFIs' business profiles, gauging their awareness and application of CSR, and determining the obstacles they encounter while implementing and integrating CSR practices. The study will specifically collect information on company profiles, such as years of operation, operational scale, client demographics, main services provided, and financial performance. This will help provide a comprehensive understanding of the current landscape of MFIs in the locality.

Questions about comprehension, perception, and projection of CSR will be asked in order to gauge the degree of awareness of CSR principles. Additionally, by examining practices like client assistance programs, community involvement events, and adherence to ethical lending policies, the incorporation of CSR into their operations will be examined.

The study is restricted to MFIs that operate in Cabanatuan City. The conclusions also depend on how truthful and accurate the participants' answers were, as well as how well the CSR activities addressed the unique operational difficulties faced by the MFIs. Lastly, the study will concentrate on the immediate operational effects of CSR rather than exploring the long-term effects on the sector as a whole.

Significance of the Study

The findings of this study are beneficial to the following sectors:

Microfinance Institution (MFI) Owners and Managers. The study sheds light on the relationship between CSR activities and long-term sustainability and operational efficiency. It provides helpful suggestions for improving CSR programs in order to forge closer bonds with communities and clientele.

Customers and Recipients of MFIs. The report emphasizes how CSR efforts affect microfinance services' accessibility and quality. It guarantees that MFI operations put the welfare of its clients and community development first.

Government Agencies and Regulatory Bodies. The findings can be used by government organizations like the Department of Finance and the Bangko Sentral ng Pilipinas (BSP) to develop regulations that encourage socially conscious behavior in the microfinance industry. The results could direct the development of policies and oversight systems for MFIs' adoption of CSR.

Nueva Ecija University of Science and Technology (NEUST). This study may serve as one of the inputs for the project planning of the Extension Services Department.

Future Researchers. This study can serve as a reference to other researchers who are interested in CSR procedures in the financial industry, especially when it comes to microfinance. It acts as a guide for upcoming research on how corporate social responsibility affects community development and business operations.

Definition of Terms

To facilitate better understanding, the following key terms were defined conceptually or operationally:

Challenges in CSR Practices. Refers to the challenges or restrictions that MFIs encounter when creating, carrying out, or maintaining their CSR initiatives. These difficulties could be insufficient community involvement, inadequate staff training, or budgetary limitations.

Client Welfare. Refers to the financial security and general well-being of the customers that MFIs serve. Through microfinance services, they can become more empowered, live better lives, and become economically independent.

Community Development. Refers to how the MFIs' CSR initiatives have improved and changed the local communities. Better access to financial resources is among them.

Corporate Social Responsibility (CSR). Refers to the actions and procedures Microfinance Institutions (MFIs) do to fulfill their social, ethical, and environmental obligations. According to this study, CSR is evaluated using particular initiatives, rules, and practices meant to enhance customer support, promote sustainable development, and enhance community welfare.

CSR Awareness. Refers to the degree to which MFI clients and staff are aware of and comprehend the institution's CSR operations. Awareness is gauged by how these initiatives are perceived and understood.

CSR Implementation. Refers to how CSR efforts are included in MFIs' strategic strategies and day-to-day operations. It consists of particular programs and activities including community outreach, financial literacy training, and ecologically friendly practices.

Microfinance Institutions (MFIs). Refers to financial institutions that give low-income people or small enterprises access to traditional banking services small-scale loans and other financial services. The MFIs that operate in Cabanatuan City are the main subject of this study.

Operational Performance. Refers to the effectiveness and efficiency of the MFIs' operations, encompassing client happiness, financial sustainability, and service delivery. This study assesses the impact of CSR practices on MFIs' operational results.

Strategic Plan. Refers to a methodical strategy put forward in light of the study's conclusions to boost CSR practices and their influence on MFI operations in Cabanatuan City.

Sustainability. Refers to MFIs' capacity to continue operating and implementing CSR programs in the long run while promoting social, economic, and environmental well-being.

METHODS AND PROCEDURES

This chapter presents the research design, locale of the study, respondents, sample and sampling procedure, instruments, data gathering procedures, data analysis techniques, and ethical concerns to describe, assess, and analyze the adoption of circular economy principles in agricultural business operations.

Research Method

The study used a quantitative method of research. According to Jain (2023), quantitative research is used in various disciplines, including social sciences, psychology, economics, and market research. It aimed to collect and analyze numerical data to answer research questions and test hypotheses. In researchers, where a large population is involved, quantitative study is suggested use since this methodology involves the use of numeric or statistics to gather data that will study the various issues or phenomena.

This study determined the impact of CSR on MFIs In Cabanatuan and its impact on their business operation, The type of research design to be employed is descriptive. The researchers aim to describe the CSR activities of MFIs and their impact on their business operations. The target respondent will be assessed in terms the age, sex, civil status, years of service, and position of the company; the profile of the MFIs; the CSR practices; the impact of the program in terms of operational efficiency/productivity, financial performance and reputation to brand image; the challenges encountered. Lastly, suggestions for CSR Improvement was gathered.

Research Locale

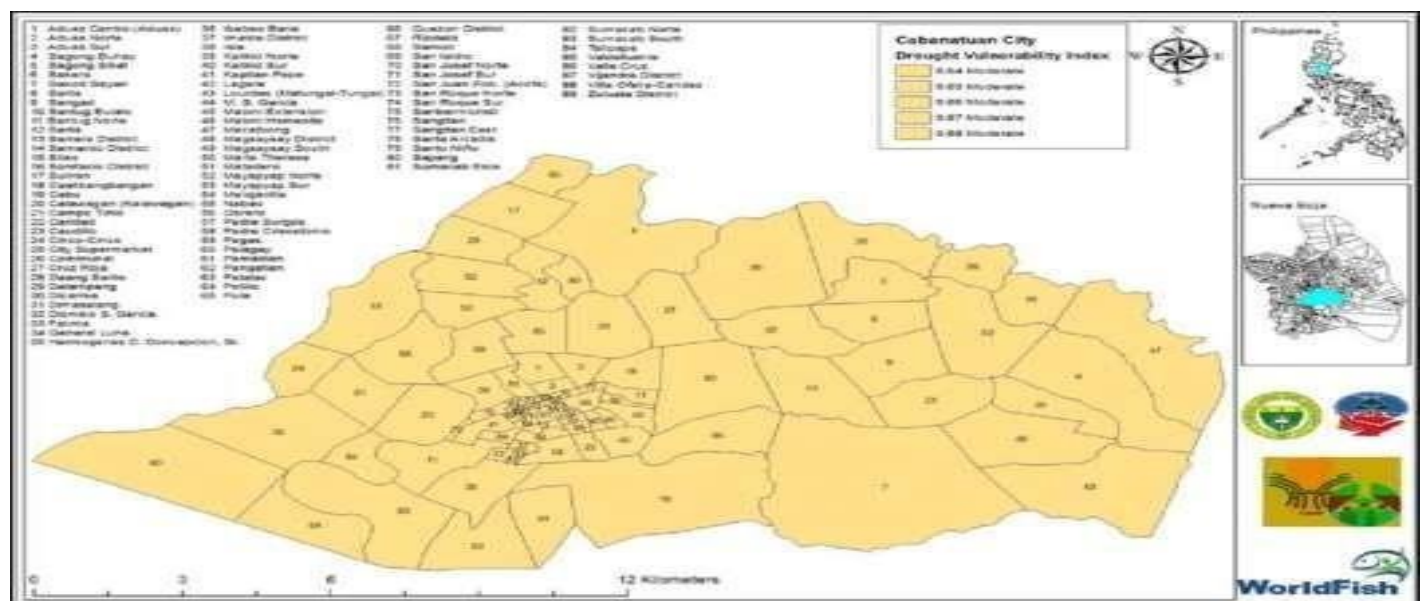


Figure 2 Map of Cabanatuan City

M,/The study was conducted at Cabanatuan City where are number of MFIs are registered and are actively performing various CSR Programs. With this, Cabanatuan City is the most ideal for the conduct of research since there will be variations of possible data to be gathered due to the number of registered MFIs. The conduct of survey was administered on the premises of MFI company at their most convenient time for the researchers to gather comprehensive information.

Respondents of the Study

The respondents of the study will be the key employees from the registered MFIs in Cabanatuan City. The identified employees are expected to be actively and directly involved in the study and have substantial knowledge of their institution's CSR initiatives and operational activities. To gather relevant data and avoid biases in the conduct of data gathering, the respondents may be the MFI managers, the institution's CSR officers, the financial officers, or other relevant personnel who can provide insights into the institution's CSR practices and their impact on operational efficiency and strategic planning.

Table 1 Distribution of the Respondents

Barangay	n
1. Aduas Sur	1
2. Bantug Bulalo	1
3. Bantug Norte	1
4. Bitas	1
5. Cabu	1
6. Dicarma	1
7. Ds Garcia	1
8. Fatima	1
9. Gen Luna	1
10. Kalikid Norte	1
11. Kapitan Pepe	1
12. Ma. Theresa	1
13. Mabini Homesite	1
14. Magsaysay Sur	1
15. Matadero	1
16. Mayapyap Sur	1
17. Nabao	1
18. Padre Burgos	1

19. Palagay	1
20. Rizdelis	1
21. San Josef Sur	1
22. San Roque	1
23. Sangitan	1
24. Sta. Arcadia	1
25. Sumacab Este	1
26. Supermaket	1
27. Valle Cruz	1
28. Zulueta	1
Total number of Respondents	28

Table 1 presents the total number of respondents needed to participate in the study to determine the effect of corporate customer responsibility of MFI in their operation.

Sample and Sampling Procedures

This study utilized purposive sampling. This type of sampling, also known as judgment sampling, involves researchers using their expertise to select a sample that is most useful for the research (McCombes, 2019). In addition, an effective purposive sample must have clear criteria and rationale for inclusion, this study covered all the registered MFIs operating in Cabanatuan City that have CSR Programs. In choosing the registered MFIs who have active CSR programs, the study aims to gather comprehensive data that can be used in determining the Corporate Social Responsibility (CSR) practices of MFIs in Cabanatuan City and the effects of the CSR program on business operations.

Research Instrument

The researcher used a survey questionnaire to be able to conduct the study and gather data thoroughly. This tool used Likert Scale-style questions to collect specific information from microfinance business senior management officers in Cabanatuan City, Nueva Ecija, Philippines and offers an organized and systematic approach to data collecting. A survey questionnaire is a structured set of questions designed to gather specific information from respondents. It serves as a standardized tool for collecting data in a systematic and organized manner. The survey questionnaire is divided into three parts.

The first part of the questionnaire includes the profile of the respondents, and the second part is the demographic profile of the business namely, a form of business organization, years in operation, scope of operation, Number of employees, and affiliation or accreditation. The third part includes questions that describe the Corporate social responsibility practices of MFI. The fourth part of the questionnaire includes the impacts of Corporate social responsibility in terms of operational efficiency, financial performance, reputation, and brand image. The last part of the questionnaire includes the challenges encountered with the implementation of corporate social responsibility CSR practices of MFI

These questions use a modified 4-point Likert scale: (4) Very High impact, (3) High impact (2) Low impact, and (1) Very Low impact.

Table 2 Numerical Value of Each Response on the Likert Scale for the Impact of Corporate Social Responsibility (CSR) Practices of MFIs

Scale	Range	Verbal Description
4	3.26 - 4.00	Very High Impact
3	2.51. - 3.25	High impact
2	1.76 - 2.50	Low impact
1	1.00 - 1.75	Very Low impact

Very High Impact - This indicates the respondents' highest degree of agreement with the statements presented in the questionnaire.

High Impact - This refers to the agreement scale used in survey questions, which includes the respondents' moderate response range.

Low impact - This term refers to the degree of agreement in a survey questionnaire which simply means the respondent disagrees with the statement or question.

Very low impact – This is the lowest level of agreement on a survey, meaning that the respondent completely disagrees with the statement that was presented.

Table 3 Numerical Value of Each Response on the Likert Scale on the Challenges Encountered on the Implementation of Corporate Social Responsibility (CSR) Practices of MFIs

Scale	Range	Verbal Description
4	3.26 - 4.00	Very Challenging
3	2.51. - 3.25	Challenging
2	1.76 - 2.50	Slightly Challenging
1	1.00 - 1.75	Not Challenging

Very Challenging – This refers to a task or situation that presents the highest level of difficulty, requiring significant effort, skills, and resources to overcome.

Challenging – This describes a task that is difficult but still manageable with substantial effort and strategic thinking.

Slightly Challenging – This refers to a task that presents some minor obstacles, requiring minimal effort to handle or resolve.

Not Challenging – This indicates a task that is easy to accomplish, with little to no difficulties or obstacles involved.

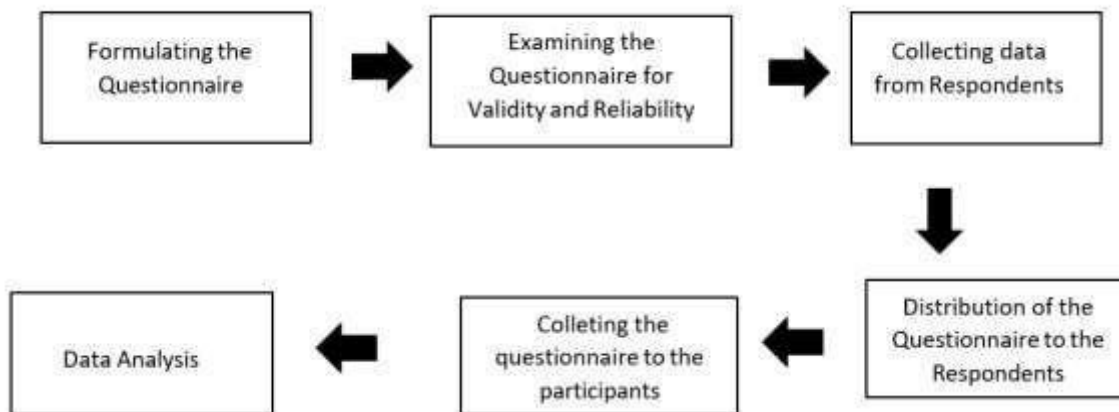
Data Gathering Procedure

The researcher created a questionnaire based on the statement of the problem. The respondents for this study are the senior management officers of the MFI business in Cabanatuan City, Nueva Ecija. The survey questionnaires will be distributed to the 28 MFI Senior management officers from Cabanatuan City, Nueva Ecija.

The researcher was asked for permission and provided each respondent with an explanation of the purpose of the study. The survey questionnaire was composed of questions about their profile, status, and challenges to gathering data.

In addition, the instruments that were distributed and will return in a day, and the data collected remain secret and hidden. The data collected was confirmed and tallied. Then after that, they were evaluated and explained. The detailed steps involved in the data collection process are shown in the diagram below.

Figure 2 Data Gathering Procedures



Data Analysis Technique

The data collected from the respondents was tallied and analyzed statistical tools such as percentage, frequency distribution weighted mean and thematic analysis will be used in analyzing the data that will be gathered. The scale below will be used to interpret the results of the data that will be gathered.

Table 4 Verbal Interpretation for the Impact of Corporate Social Responsibility (CSR) Practices of MIFs

Scale	Range	Verbal Description	Verbal Interpretation
4	3.26 - 4.00	Very High Impact	The respondent strongly agrees that CSR practices have a significant and noticeable impact on their business operations and success.
3	2.51. - 3.25	High impact	The respondent agrees that CSR practices have a positive effect on their business, though the impact may be moderate in some areas.
2	1.76 - 2.50	Low impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
1	1.00 – 1.75	Very Low Impact	The respondent strongly disagrees that CSR practices have any noticeable impact or they believe that such practices have a negligible effect on their business.

Table 4 shows the scale that will be used by the researcher in the interpretation and description of the data to assess the frequency of the MFI questions about the impact of Corporate Social Responsibility (CSR) practices of MIFs using a 4-point Likert scale.

Additionally, the researcher identified which among the best practices are highly very challenging, challenging, slightly challenging, and not challenging, and will use the following scale.

Table 5 Numerical Value of Each Response on the Likert Scale on the Challenges Encountered on the Implementation of Corporate Social Responsibility (CSR) Practices of MFIs

Scale	Range	Verbal Description	Verbal Interpretation
4	3.26 - 4.00	Very Challenging	The respondent strongly feels that the task or issue is highly difficult to handle or overcome, requiring significant effort or resources.
3	2.51. - 3.25	Challenging	The respondent finds the task moderately difficult, recognizing that it requires considerable effort but is manageable with some adjustments or support.
2	1.76 - 2.50	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor
1	1.00 - 1.75	Not Challenging	The respondent does not find the task difficult and believes it is relatively easy to handle or address without recurring significant effort.

Also, the researchers used the following statistical tools to identify calculate, and analyze the data according to the research objectives

Describing the respondent's profile the researcher used frequency distribution and percentage

To analyze the practices and challenges encountered by the MFI weighted mean was used by the researcher

In describing and analyzing the challenges encountered by the microfinance thematic analysis using Colizzi's 7 step method

Ethical Considerations

There are possible ethical issues that could come up during the study's conduct because it will examine business-related actions that might include the revelation of sensitive information that could result in financial or reputational risks. Confidentiality and privacy of the responses are among these issues. The researcher will ensure total confidentiality by anonymizing data, safely storing all information to be gathered, and only sharing findings that are relevant to the study.

Another possible issue is that the respondents were unable to fully understand the scope or implications of their involvement in the research. To avoid this, the researcher will make sure that the informed consent form has clear and thorough information on the study's objectives, methods, risks, and benefits. The researcher cannot start the study unless the respondents have provided their written consent. This can also ease concerns about the respondents' voluntary participation.

The use of the findings is among the moral dilemmas. The researchers will clarify that the data and conclusions will only be shared with pertinent individuals or groups about the policy recommendations and that all information gathered during the study will only be used for scholarly purposes.

Last but not least, any unanticipated ethical dilemmas that may arise throughout the study shall be appropriately and discreetly handled. The study intends to have a beneficial influence on legislative proposals that can enhance company operations in terms of sustainability and profitability by using the ideas of the circular economy.

PRESENTATION, ANALYSIS, AND INTERPRETATION OF DATA

This chapter presents the findings obtained from the primary instrument used in the microfinance institution in Cabanatuan City. The responses were organized, quantified, and interpreted using different statistical tools. The presentation observed the sequence of the specific problems formulated in this study.

Description of the Profile of the Microfinance Institutions

The business profile of the Microfinance Institutions was described in terms of forms of business, years of operation, scope of operation, number of employees, and affiliation or accreditation.

Forms of Business

The distribution of respondents based on their geographical location is indicated in Table 6.

Table 6 Business Forms

Form of Business	Frequency	Percentage
Sole Proprietorship	2	7%
Partnership	1	4%
Corporation	21	75%
Cooperative	3	11%
NGO	1	4%
Total	28	100%

Years in Operation

The distribution of respondents based on their years of operation is indicated in Table 7.

Table 7 Business Operating Years

Years in Operation	Frequency	Percentage
Less than a year	-	-
1-5 years	2	7%
6-10 years	2	7%
More than 10 years	24	86%
Total	28	100%

Scope of Operation

The distribution of respondents based on the scope of the business operation is indicated in Table 8.

Table 8 Business Operation Scope

Scope of Business Operation	Frequency	Percentage
Local (within Cabanatuan	1	4%
City) Provincial (within Nueva	11	39%
Ecija) Regional	10	36%
National	6	21%
Total	28	100%

Number of Employees

The distribution of respondents based on number of employees serving their business is indicated in Table 9.

Table 9 Number of Employees

Scope of Business Operation	Frequency	Percentage
Less than 10	6	21%
10-50	4	14%
51-100	9	31%
More than 100	9	31%
Total	28	100%

Affiliation or Accreditation

The distribution of respondents based on the number of MFIs that have affiliations or accreditation is indicated in Table 10.

Table 10 Affiliation or Accreditation

Scope of Business Operation	Frequency	Percentage
Yes	5	17%
No	23	79%
Total	28	100%

The variety in business structures and operational traits of MFIs showcases their ability to adapt to the needs of financial inclusivity. The differences in employee numbers and operational ranges suggest that MFIs can be both flexible and scalable based on their target market and organizational objectives. For example, larger MFIs with a national presence and considerable staff are more capable of executing CSR initiatives that create a wider impact. In contrast, smaller MFIs may concentrate on community-specific and localized CSR activities.

Corporate Social Responsibility Practices of Microfinance Institutions (MIFs)

The Corporate Social Responsibility (CSR) practices of MFIs were described in terms of forms of business, CSR scope and description, CSR Implementation, CSR monitoring and evaluation, and CSR Best Practices.

CSR Scope and Description

The distribution of respondents based on the scope and description of their CSR activities is indicated in Table 11.

Table 11 CSR Scope and Description

CSR Scope and Description	Frequency	Percentage
Environmental	6	11%
Social Welfare	6	11%
Economic Development	4	7%
Educational Support	6	11%
Health and Safety	5	9%
Charitable	6	11%
Projects/Programs Youth and Sports	4	7%
Development Others	20	35%
Total	67	100%

CSR Implementation

The distribution of respondents based on the frequency of the implementation of their CSR activities is indicated in Table 12.

Table 12 CSR Implementation

CSR Implementation	Frequency	Percentage
Regularly (at least once a month)	6	21%
Occasionally (1-2 times a year)	4	14%
Rarely (once a year)	2	7%
Not at all	16	55%
Total	28	100%

CSR Monitoring and Evaluation

The distribution of respondents based on the monitoring and evaluation of their CSR activities is indicated in Table 13.

Table 13 CSR Monitoring and Evaluation

CSR Monitoring and Evaluation	Frequency	Percentage
Yes	11	38%
No	17	59%
Total	28	100%

Since there are respondents mentioned that they were doing monitoring and evaluation, they were asked how monitoring was conducted. This is presented in table no. 14.

Table 14 Tools used in Monitoring and Evaluation

CSR Monitoring and Evaluation	Frequency	Percentage
Internal Monitoring Team	8	42%
External Auditors	5	26%
Community Feedback	6	32%
Total	19	100%

The range of CSR initiatives showcases the MFIs' dedication to tackling various socio-economic and environmental issues within their regions of operation. Nonetheless, the differences in how often these initiatives are carried out suggest limitations in resources or varying strategic focuses among the institutions. Frequent CSR activities signify a forward-thinking and cohesive approach to social responsibility, whereas infrequent initiatives could imply a reactive stance or constrained resources.

Impact of Corporate Social Responsibility Practices of Microfinance Institutions (MIFs)

For the study to assess the impact of Corporate Social Responsibility Practices of Microfinance Institutions (MIFs) the following rating scales were used: (4) Strong Positive Impact; (3) Positive Impact; (2) Minimal Impact; and (1) No Impact. The variables operational efficiency/productivity, financial performance, and reputation and brand image were asked among the respondents.

Operational Efficiency/Productivity

In table 15, the operational efficiency/ productivity impact of CSR Practices of Microfinance Institutions (MIFs).

Table 15 Operational Efficiency/Productivity

Operational Efficiency/Productivity	Weighted Mean	Verbal Interpretation	Verbal Description
1. The integration of CSR in our business operations has enhanced employee productivity.	2.43	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
2. CSR efforts in our organization have streamlined operational processes and	2.46	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business

workflows.			operations.
3. CSR practices in our company have led to a reduction in operational costs.	2.17	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
4. Our CSR programs have contributed to faster decision-making and problem-solving within operations.	2.32	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
5. Our CSR activities have positively influenced the efficiency of resource management (e.g., energy, water, materials).	2.42	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
Overall Weighted Mean	2.36	Low Impact	Somewhat Disagree

The impact of Corporate Social Responsibility (CSR) practices on the operational efficiency and productivity of microfinance institutions (MFIs), the highest weight was attributed to the statement, "CSR efforts in our organization have streamlined operational processes and workflows." Despite this, the overall weighted mean of 2.36 indicates that CSR practices have only a minimal impact on the operational efficiency and productivity of MFIs.

The results indicate that although CSR initiatives can lead to enhanced processes and workflows in certain instances, their overall effect on operational efficiency is limited. This may be due to various factors, including the lack of CSR integration into primary business strategies, inadequate resources dedicated to CSR efforts, or an emphasis on benefits for the community rather than improvements to internal operations. These findings stand in contrast to earlier research by Sun & Yu (2015), which highlighted CSR's potential to boost organizational productivity, as well as the work of Singh & Misra (2021), who noted enhancements in stakeholder engagement and streamlined operations. The limited impact seen in this study may be indicative of a contextual or sector-specific limitation, especially for microfinance institutions that frequently function with limited resources and tend to prioritize community-oriented CSR over the optimization of internal processes (Nourani et al., 2020).

Financial Performance

The impact of CSR Practices on the Financial Performance of Microfinance Institutions (MFIs) is presented in Table 16.

Table 16 Financial Performance

Financial Performance	Weighted Mean	Verbal Interpretation	Verbal Description
1. Microfinance Institution programs have contributed to lowering financial risks by strengthening relationships with clients and the community.	2.61	High Impact	The respondent agrees that CSR practices have a positive effect on their business, though the impact may be moderate in some areas.
2. CSR efforts, like supporting small businesses in the community, have resulted in more sustainable client businesses and a positive impact on	2.39	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business

our financial performance			operations
3. The social and community-oriented CSR initiatives have enhanced client loyalty, leading to improved financial outcomes	2.61	High Impact	The respondent agrees that CSR practices have a positive effect on their business, though the impact may be moderate in some areas.
4. Engaging in CSR has helped MFI secure better financing or investment opportunities from stakeholders.	2.64	High Impact	The respondent agrees that CSR practices have a positive effect on their business, though the impact may be moderate in some areas.
5. Microfinance Institution CSR activities have reduced operational costs, contributing to better financial performance.	2.32	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations
Overall Weighted Mean	2.51	High Impact	Agree

It shows that the impact of Corporate Social Responsibility (CSR) practices on the financial performance of microfinance institutions (MFIs) gave the highest weight to the statement, "Engaging in CSR has helped us secure better financing or investment opportunities from stakeholders." The overall weighted mean of 2.51 indicates that CSR practices have a positive impact on the financial performance of the microfinance institution in Cabanatuan City.

The results demonstrate that CSR initiatives are crucial for improving the financial performance of MFIs, especially by facilitating better access to funding and investment prospects. This supports previous research by Wang & Sarkis (2017), which emphasizes CSR's role in building stakeholder trust and garnering financial backing. The established positive correlation between CSR and financial success reinforces the idea that socially responsible practices are a valuable strategic resource for MFIs. Nevertheless, the weighted mean indicates that while the influence is beneficial, it is not fully optimized. This may be due to factors like inconsistent execution of CSR initiatives, insufficient visibility of CSR activities to stakeholders, or a disconnect between CSR objectives and financial goals (Kalra, 2024).

Reputation and Brand Image

Regarding the impact of Corporate Social Responsibility (CSR) practices on the reputation and brand image of microfinance institutions (MFIs), it is presented in Table 17.

Table 17 Reputation and Brand Image

Reputation and Brand Image	Weighted Mean	Verbal Interpretation	Verbal Description
Microfinance Institution's commitment to CSR has strengthened our institution's reputation as a socially responsible financial service provider.	2.43	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
Microfinance Institution CSR initiatives have made our microfinance institution more attractive to potential clients and	2.36	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a

partners.			limited impact on their business operations.
CSR activities, such as supporting local communities, have enhanced Microfinance institution's brand loyalty.	2.36	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
4. The implementation of CSR programs has positioned microfinance institutions as a leader in ethical and responsible business practices.	2.43	Low Impact	The respondent somewhat disagrees that CSR practices have a meaningful effect, with a limited impact on their business operations.
5. The microfinance institution's CSR efforts have improved our visibility and recognition in the industry.	2.50	High Impact	The respondent agrees that CSR practices have a positive effect on their business, though the impact may be moderate in some areas.
Overall Weighted Mean	2.41	Low Impact	Somewhat Disagree

The results shown that the respondents gave the highest weight to the statement, "Our microfinance institution's CSR efforts have improved our visibility and recognition in the industry." However, the overall weighted mean of 2.41 indicates that CSR practices have a minimal impact on the reputation and brand image of the microfinance institution in Cabanatuan City.

The results indicate that although CSR initiatives enhance visibility and recognition within the sector, their overall effect on reputation and brand image is limited. This may suggest that the existing CSR activities are not communicated effectively to stakeholders or lack the scale and consistency required to influence the MFIs' brand positioning significantly. This finding contrasts with previous research that commonly emphasizes CSR as a vital factor for enhancing brand perception and reputation (Geng et al., 2022). The divergence might be attributed to challenges specific to the sector (Araújo et al., 2023), such as constrained marketing resources or a stronger emphasis on community involvement instead of strategies aimed at building the brand.

Challenges Encountered on the Implementation of Corporate Social Responsibility Practices of Microfinance Institutions (MIFs)

For the study to assess the challenges encountered in the implementation of the Corporate Social Responsibility practices of Microfinance Institutions (MIFs) the following rating scales were used: (4) Very Challenging; (3) Challenging; (2) Slightly Challenging; and (1) Not Challenging. The variables of resource allocation, employee engagement, community engagement, and sustainability of the CSR program were asked among the respondents.

Resource Allocation

The challenges encountered in the implementation of Corporate Social Responsibility (CSR) practices on the resource allocation of microfinance institutions (MFIs) are presented in Table 18.

Table 18 Resource Allocation

Resource Allocation	Weighted Mean	Verbal Interpretation	Verbal Description
The allocation of time for planning and executing CSR activities is limited, posing a	2.04	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not

challenge for our institution.			overwhelming and may be handled with minimal effort or minor changes.
Allocating sufficient resources (financial, human, or material) for CSR initiatives is a challenge for our microfinance institution.	2.04	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
Balancing resource allocation between CSR and core business operations is difficult for our institution.	2.00	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
Securing consistent funding for CSR projects is a challenge for our institution.	2.11	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
Microfinance institution faces challenges in acquiring the necessary materials or tools for successful CSR programs.	2.07	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
Overall Weighted Mean	2.05	Slightly Challenging	Somewhat Difficult

The highest weight was attributed to the statement, "Securing consistent funding for CSR projects is a challenge for our institution." Despite this, the overall weighted mean of 2.05 indicates that CSR practices are slightly challenging for MFIs.

The results indicate that funding is a major hurdle in carrying out CSR initiatives, highlighting the financial limitations encountered by numerous MFIs. This is consistent with previous research, which has recognized the scarcity of resources as a major impediment to the successful execution of CSR programs, especially in organizations functioning in environments with limited resources (Birhanu Moltot Ayalew, 2018). The moderately weighted mean implies that while funding represents a considerable obstacle, other facets of CSR implementation, such as staffing or operational integration, might be comparatively less challenging. This illustrates the ability of MFIs to utilize non-financial resources to maintain their CSR efforts effectively.

Employee Engagement

Table 19 presents the challenges encountered in the implementation of Corporate Social Responsibility (CSR) practices in terms of employee engagement.

Table 19 Employee Engagement

Employee Engagement	Weighted Mean	Verbal Interpretation	Verbal Description
1. Communicating the importance of CSR to employees in a way that inspires action is challenging.	2.14	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
2. Encouraging and maintaining employee participation in CSR	2.00	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not

activities poses a challenge for our institution.			overwhelming and may be handled with minimal effort or minor changes.
3. Microfinance institution struggles to integrate CSR activities into employees' daily responsibilities without disrupting operations.	2.04	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
4. Creating opportunities for employees to contribute to CSR in meaningful ways that align with their skills and interests is a challenge.	2.11	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
5. Microfinance institution struggles to maintain high levels of employee engagement in CSR despite heavy workloads.	2.19	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
Overall Weighted Mean	2.05	Slightly Challenging	Somewhat Difficult

It shows that the highest weight given was attributed to the statement, "Our institution struggles to maintain high levels of employee engagement in CSR despite heavy workloads." However, the overall weighted mean of 2.09 indicates that CSR practices are slightly challenging for MFIs.

The results suggest that, although competing work demands can influence employee involvement in CSR activities, this issue does not pose a major obstacle for most MFIs. This could imply that employees typically acknowledge the importance of CSR initiatives or that MFIs have successfully developed strategies to manage workloads while participating in CSR activities. This is consistent with earlier research by Hosseini et al. (2021), which indicates that the level of employee engagement in CSR is often shaped by the organizational culture and the perceived connection between CSR efforts and both personal and institutional objectives. Nevertheless, the findings also point to an area where improvements can be made, as maintaining high levels of employee engagement is essential for the effectiveness and longevity of CSR initiatives.

Community Engagement

Table 20 presents the challenges encountered in the implementation of Corporate Social Responsibility (CSR) practices in community engagement.

Table 20 Community Engagement

Community Engagement	Weighted Mean	Verbal Interpretation	Verbal Description
1. Understanding the specific needs of the community for targeted CSR programs is a challenge for our institution.	2.14	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
2. Ensuring that our CSR initiatives address real community concerns is challenging.	2.14	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not

			overwhelming and may be handled with minimal effort or minor changes.
3. Building strong relationships with local communities for effective CSR collaboration is challenging.	2.04	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
4. Gaining the trust and active participation of the community in MFI CSR efforts is difficult.	2.07	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
5. Microfinance institution faces challenges in maintaining long-term community partnerships for CSR initiatives.	2.18	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
Overall Weighted Mean	2.11	Slightly Challenging	Somewhat Difficult

The highest weight given was attributed to the statement, "Our institution faces challenges in maintaining long-term community partnerships for CSR initiatives." Despite this, the overall weighted mean of 2.11 suggests that challenges related to community engagement are relatively minimal for microfinance institutions (MFIs).

The results indicate that although maintaining long-term community partnerships can be challenging, it is not a major obstacle for most microfinance institutions (MFIs). This may reflect the nature of corporate social responsibility (CSR) initiatives, in which MFIs frequently focus on short-term, project-specific efforts rather than lasting partnerships because of constraints related to resources or operations. These findings are somewhat consistent with previous studies that underscore the significance of long-term community involvement in maximizing social impact and the sustainability of CSR initiatives (Aslaksen et al., 2021). According to Raj (2023), difficulties in upholding these partnerships often arise from issues such as differing expectations, insufficient resources, or the absence of follow-up strategies to enhance relationships with community stakeholders.

Sustainability of the CSR Programs

The sustainability of the CSR Programs is presented in Table 21. The challenges encountered in the implementation were asked among the respondents.

Table 21 Sustainability of CSR Programs

Sustainability of the CSR Program	Weighted Mean	Verbal Interpretation	Verbal Description
1. Microfinance institutions faces challenges in measuring the long-term outcomes of our CSR efforts	2.07	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
2. Ensuring consistent funding to sustain CSR programs over time is a challenge for our institution.	2.14	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.

3. Maintaining the relevance and impact of CSR initiatives in the long run is difficult.	2.00	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
4. Adapting CSR programs to evolving community and business needs over time is challenging.	1.89	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
5. Ensuring stakeholder commitment to long-term CSR goals is a challenge for our institution.	2.07	Slightly Challenging	The respondent perceives the task as somewhat difficult, though it is not overwhelming and may be handled with minimal effort or minor changes.
Overall Weighted Mean	2.04	Slightly Challenging	Somewhat Difficult

It showed the highest weight given to the statement, "Ensuring consistent funding to sustain CSR programs over time is a challenge for our institution." Despite this, the overall weighted mean of 2.03 suggests that challenges related to the sustainability of the CSR Programs are slightly challenging for microfinance institutions (MFIs).

The results indicate that although obtaining stable funding is challenging, it does not greatly impact the overall sustainability of CSR programs for most MFIs. This might reflect the organizations' capability to adjust their programs according to available resources or utilize short-term funding to continue their operations. Nevertheless, dependence on limited funding sources may lead to long-term vulnerabilities regarding the ongoing success and effectiveness of CSR efforts. This finding is consistent with the research by Chan et al. (2017), which emphasizes that financial limitations are a persistent issue in maintaining CSR initiatives, especially in resource-limited areas such as microfinance. Organizations frequently struggle to strike a balance between operational necessities and the financial requirements of sustained CSR efforts, which can result in fragmented or irregular implementation.

Suggestions for CSR Improvement

When the respondents were asked about the suggestions they could provide for the improvement of CSR Practices, they mentioned the idea of appointing a CSR Director, also to conduct a deeper evaluation of the impact on the community and have a proper assessment of the execution of CSR activities. Additionally, they suggested maintaining good engagement among current clients and employees so that the institution would have a good image among the community and its future clients. Lastly, the MFIs can focus on activities such as charity programs to build more commitment and engagement in society.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter presents the summary of findings based on the interpretations and analysis made on CSR of Microfinance Institutions (MFIs) in Cabanatuan City And its effect on their operations. Conclusions and recommendations were provided based on the data.

Summary Of Findings

The following findings were derived based on the presentation, analysis, and interpretation of data:

Description of the Profile of the Microfinance Institutions

Results showed that the microfinance institutions (MFIs) in Cabanatuan City operate under diverse business forms, including associations, cooperatives, corporations, and Non-Governmental Organizations (NGOs). Their

operational duration varies significantly between 1 to more than 10 years, and the MFI's scope of service caters to local, provincial, regional, and national levels. Employee size differs widely ranging from less than 10 to over 100. Additionally, while some MFIs have affiliations or accreditations with relevant organizations, others operate independently.

Corporate Social Responsibility Practices of Microfinance Institutions (MFIs)

The study found that the corporate social responsibility (CSR) initiatives of microfinance institutions (MFIs) in Cabanatuan City encompass a broad spectrum of activities, including environmental conservation, social welfare programs, economic development initiatives, educational support, health and safety campaigns, charitable projects, and youth and sports development. The frequency of CSR implementation varies, with activities being conducted rarely (once a year), occasionally (1–2 times a year), or regularly (at least once a month). Furthermore, while some MFIs monitor and evaluate their CSR initiatives, others do not. Monitoring and evaluation are conducted through mechanisms such as internal monitoring teams, external auditors, and community feedback.

Impact of Corporate Social Responsibility Practices of Microfinance Institutions (MFIs)

Operational Efficiency/Productivity

When respondents were asked about the impact of Corporate Social Responsibility (CSR) practices on the operational efficiency and productivity of microfinance institutions (MFIs), the highest weight was attributed to the statement, "CSR efforts in our organization have streamlined operational processes and workflows." Despite this, the overall weighted mean of 2.36 indicates that CSR practices have only a minimal impact on the operational efficiency and productivity of MFIs.

Financial Performance

In terms of the impact of Corporate Social Responsibility (CSR) practices on the financial performance of microfinance institutions (MFIs), the respondents give the highest weight to the statement, "Engaging in CSR has helped us secure better financing or investment opportunities from stakeholders." The overall weighted mean of 2.51 indicates that CSR practices have a positive impact on the financial performance of the microfinance institution in Cabanatuan City.

Reputation and Brand Image

Regarding the impact of Corporate Social Responsibility (CSR) practices on the reputation and brand image of microfinance institutions (MFIs), the respondents give the highest weight to the statement, "Our microfinance institution's CSR efforts have improved our visibility and recognition in the industry." However, the overall weighted mean of 2.41 indicates that CSR practices have a minimal impact on the reputation and brand image of the microfinance institution in Cabanatuan City.

Challenges Encountered on the Implementation of Corporate Social Responsibility Practices of Microfinance Institutions (MFIs)

For the study to assess the challenges encountered in the implementation of the Corporate Social Responsibility practices of Microfinance Institutions (MFIs) the following rating scales were used: (4) Very Challenging; (3) Challenging; (2) Slightly Challenging; and (1) Not Challenging. The variables of resource allocation, employee engagement, community engagement, and sustainability of the CSR program were asked among the respondents.

Resource Allocation

When respondents were asked about challenges encountered in the implementation of Corporate Social Responsibility (CSR) practices on the resource allocation of microfinance institutions (MFIs), the highest weight was attributed to the statement, "Securing consistent funding for CSR projects is a challenge for our institution." Despite this, the overall weighted mean of 2.05 indicates that CSR practices are slightly challenging for MFIs

Employee Engagement

In terms of employee engagement, when respondents asked about challenges encountered in the implementation of Corporate Social Responsibility (CSR) practices the highest weight given was attributed to the statement, "Our institution struggles to maintain high levels of employee engagement in CSR despite heavy workloads." However, the overall weighted mean of 2.09 indicates that CSR practices are slightly challenging for MFIs.

Community Engagement

When respondents were asked about challenges encountered in the implementation of Corporate Social Responsibility (CSR) practices in community engagement the highest weight given was attributed to the statement, "Our institution faces challenges in maintaining long-term community partnerships for CSR initiatives." Despite this, the overall weighted mean of 2.11 suggests that challenges related to community engagement are relatively minimal for microfinance institutions (MFIs).

Sustainability of the CSR Programs

In terms of the sustainability of the CSR Programs, the challenges encountered in the implementation showed the highest weight given to the statement, "Ensuring consistent funding to sustain CSR programs over time is a challenge for our institution." Despite this, the overall weighted mean of 2.03 suggests that challenges related to the sustainability of the CSR Programs are slightly challenging for microfinance institutions (MFIs).

Suggestions for CSR Improvement

When the respondents were asked about the suggestions they could provide for the improvement of CSR Practices, they mentioned the idea of appointing a CSR Director, also to conduct a deeper evaluation of the impact on the community and have a proper assessment of the execution of CSR activities. Additionally, they suggested maintaining good engagement among current clients and employees so that the institution would have a good image among the community and its future clients. Lastly, the MFIs can focus on activities such as charity programs to build more commitment and engagement in society.

Conclusions

The research highlighted the different levels of influence and obstacles linked to the adoption of Corporate Social Responsibility (CSR) practices in microfinance institutions (MFIs) located in Cabanatuan City. While CSR practices are typically viewed as advantageous for operational efficiency, financial outcomes, and community involvement, challenges such as obtaining stable funding, nurturing enduring community partnerships, and fostering employee participation continue to be notable hindrances. These issues are especially apparent in the sustainability of CSR initiatives, where financial limitations present a recurring challenge.

Despite these difficulties, the results suggest that MFIs can successfully implement CSR practices to a moderate degree, enhancing their visibility and standing within the industry, though this has only a slight effect on their reputation and brand image. The study emphasizes the necessity for MFIs to employ more strategic methods in their CSR efforts, including diversifying funding avenues and strengthening community and employee engagement strategies, to improve the long-term viability and efficacy of their programs.

The researchers suggested that MFIs can strengthen their CSR programs, by incorporating the following areas on the institution's strategic planning involving proper budgeting and determinant of operating cost and enhancing CSR activities concerning support for local communities. Also, it is suggested to ensure balanced resource allocation between CSR and core business operations; encourage and maintain employee participation in CSR activities; build a strong relationship with local communities for effective CSR collaboration; and adapt CSR programs to evolving community and business needs over time. The following suggestions can lead to greater social impact and a more sustainable business model. Lastly, future studies could further explore the relationship between CSR strategies and organizational performance in resource- constrained sectors like microfinance.

Recommendations

Based on the findings and conclusions presented, the following were recommended:

To guarantee steady funding for CSR projects, the MFIs in Cabanatuan should improve resource allocation for CSR activities. One way to do this is by creating a specific CSR budget. To promote CSR initiatives and guarantee their sustainability, the MFIs can also investigate a variety of funding options, including grants, collaborations, and sponsorships from nearby companies and governmental organizations.

The MFIs can designate a CSR Coordinator to lead the actions to be carried out to improve employee involvement in CSR. Additionally, by being explicit about the objective at hand, MFIS can include CSR in staff duties. Finally, MFIs might provide or encourage employee engagement to raise staff morale and motivation.

Through the establishment of enduring connections, MFIs can promote robust community involvement. It is also recommended that they regularly evaluate community needs to make sure CSR initiatives are effective and relevant. Finally, take part in cooperative projects that allow community members to design and carry out CSR activities. This can foster mutual commitment and trust.

It is advised to develop a strategic plan for CSR with precise goals, deadlines, and quantifiable results to increase the sustainability of CSR initiatives. Keep an eye on and assess its effects, and think about using technology to publish results, track developments, and increase the transparency of CSR initiatives.

It is also advised that MFIs prioritize high-impact initiatives to concentrate on CSR activities that have a bigger social and commercial impact. Additionally, by highlighting the brand's achievements in marketing and public relations efforts, businesses can use CSR initiatives to increase exposure and reputation.

By incorporating corporate social responsibility (CSR) into business strategy and making it a central part of the institution's goal and vision, MFIS is also advised to create CSR-centric strategic Policies that will impact decision-making at all levels. To guarantee that resource allocation does not jeopardize MFIs' main business operations, it is also necessary to establish a balanced set of CSR and business priorities.

Researchers can investigate the CSR-Performance Link by looking at how CSR strategies affect the operational, financial, and reputational performance of industries with limited resources. Additionally, they might look into cutting-edge CSR models to research new trends like cross-sector partnerships or digital CSR initiatives to adjust to changing demands.

Microfinance institutions in Cabanatuan City can improve their CSR procedures, get past obstacles, and strike a long-term balance between business objectives and social effect by putting these suggestions into practice.

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APPENDIX A

SAMPLE LETTER ON DATA GATHERING

Date:

Dear Sir/Ma'am:

Greetings of peace and prosperity!

We are a student of Doctor of Philosophy in Business Administration at Nueva Ecija University of Science and Technology and I am presently conducting a research study titled Corporate Social Responsibility of Microfinance Institutions (MFI's) In Cabanatuan City and Its Effect on Their Operations: Basis for Strategic Plan.

In line with this, we are humbly soliciting your support by allowing me to conduct a short survey through the attached copy of instruments for data collection regarding your business operation and the adoption of the circular economy.

Rest assured that the requested data will be strictly for research purposes only and will be kept with utmost confidentiality.

Thank you very much in anticipation that this request merits your most favorable response.

Very sincerely yours,

MARY JANE MAGNO (Sgd.)

LORELYN F. MARAYA (Sgd.)

EFFER MATIAS (Sgd.)

Researchers

Noted by:

NOEL B. AGUSTIN PhD (Sgd.)

JOCELYN B. CRUZ, PhD (Sgd.)

Adviser

Dean, Graduate School

October 9, 2024

Gener Payumo, CPA
CG Department Head I
Cabanatuan City



Dear Sir Gener,

I hope this letter finds you well. We, students of Doctor of Philosophy in Business Administration at Nueva Ecija University of Science and Technology are currently conducting a research study entitled "*Corporate Social Responsibility of Microfinance Institutions in Cabanatuan City and its effect on their operations: Basis for Strategic Plan.*" To aid in the successful completion of this study, we would like to respectfully request a list of registered microfinance companies operating in Cabanatuan City.

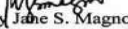
The information provided will be used solely for academic purposes, and any data received will be handled with the utmost confidentiality in compliance with applicable privacy laws.

Your assistance in this matter is greatly appreciated, and we look forward to your favorable response.

You may contact us for your feedback at +639237330257 and send the request list of registered microfinance companies operating in Cabanatuan City at maryjanemagno90@gmail.com.

Thank you very much.

Sincerely,


Mary Jane S. Magno
NEUST – PHD BA Student


Lorena F. Maraya
NEUST – PHD BA Student


Effer Mark Joseph I. Matias
NEUST – PHD BA Student

APPENDIX B

INFORMED CONSENT

I have read and understood the provided information and had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason and without cost. I understand that I will be given a copy of this consent form.

_____Agrees to answer the questionnaire

_____Disagrees due to valid reasons

Participant's Name and Signature

Date

Researcher's Name and Signature

Date

APPENDIX C RESEARCH INSTRUMENTS

DIRECTION: Place a checkmark (☑) on the space provided that corresponds to your answer or provide your specific answer as the case may be.

PART I: PROFILE OF THE RESPONDENTS

Name (optional): _____
 Age: _____ years old
 Sex: ☐ Male ☐ Female
 Civil Status: ☐ Single
☐ Married
☐ Separated
☐ Widow/er
 Years in Service: _____ years
 Position: _____

PART II: PROFILE OF THE MICROFINANCE INSTITUTIONS (MFIs)

Form of Business: ☐ Sole Proprietorship
☐ Partnership
☐ Corporation
☐ Cooperative
☐ Others: _____
 Years of Operation: ☐ Less than 1 year
☐ 1-5 years
☐ 6-10 years
☐ More than 10 years
 Scope of Operation: ☐ Local (within Cabanatuan City)
☐ Provincial (within Nueva Ecija)
☐ Regional
☐ National
 Number of Employees: ☐ Less than 10
☐ 10-50
☐ 51-100
☐ More than 100
 Affiliation or Accreditation: ☐ Yes, please specify: _____
☐ No

CORPORATE SOCIAL RESPONSIBILITY OF MICROFINANCE INSTITUTIONS (MFIs) IN CABANATUAN CITY AND ITS EFFECT ON THEIR OPERATIONS: BASIS FOR STRATEGIC PLAN

Operational Efficiency/Productivity	4	3	2	1
1. The integration of CSR in MFI operations has enhanced employee productivity.				
2. CSR efforts in MFI have streamlined operational processes and workflows.				
3. CSR practices in MFI have led to a reduction in operational costs.				
4. Microfinance Institution CSR programs have contributed to faster decision-making and problem-solving within operations.				
5. Microfinance Institution CSR activities have positively influenced the efficiency of resource management (e.g., energy, water, materials).				

Financial Performance	4	3	2	1
1. Microfinance Institution programs have contributed to lowering financial risks by strengthening relationships with clients and the community.				
2. CSR efforts, like supporting small businesses in the community, have resulted in more sustainable client businesses and a positive impact on our financial performance.				
3. The social and community-oriented CSR initiatives have enhanced client loyalty, leading to improved financial outcomes.				
4. Engaging in CSR has helped MFI secure better financing or investment opportunities from stakeholders.				
5. Microfinance Institution CSR activities have reduced operational costs, contributing to better financial performance.				

Reputation and Brand Image	4	3	2	1
1. Microfinance Institution's commitment to CSR has strengthened our institution's reputation as a socially responsible financial service provider.				
2. Microfinance Institution CSR initiatives have made our microfinance institution more attractive to potential clients and partners.				
3. CSR activities, such as supporting local communities, have enhanced Microfinance institution's brand loyalty.				
4. The implementation of CSR programs has positioned microfinance institutions as a leader in ethical and responsible business practices.				
5. The microfinance institution's CSR efforts have improved our visibility and recognition in the industry.				

PART V: CHALLENGES ENCOUNTERED ON THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY (CSR) PRACTICES OF MFIs

Assess the challenges your institution faces in the following areas related to CSR using the rating scale below:

Rating	Verbal Description
4	Very Challenging
3	Challenging
2	Slightly Challenging
1	Not Challenging

Resource Allocation	4	3	2	1
1. The allocation of time for planning and executing CSR activities is limited, posing a challenge for our institution.				
2. Allocating sufficient resources (financial, human, or material) for CSR initiatives is a challenge for our microfinance institution.				
3. Balancing resource allocation between CSR and core business operations is difficult for our institution.				
4. Securing consistent funding for CSR projects is a challenge for our institution.				
5. Microfinance institution faces challenges in acquiring the necessary materials or tools for successful CSR programs.				

Employee Engagement	4	3	2	1
1. Communicating the importance of CSR to employees in a way that inspires action is challenging.				
2. Encouraging and maintaining employee participation in CSR activities poses a challenge for our institution.				
3. Microfinance institution struggles to integrate CSR activities into employees' daily responsibilities without disrupting operations.				
4. Creating opportunities for employees to contribute to CSR in meaningful ways that align with their skills and interests is a challenge.				
5. Microfinance institution struggles to maintain high levels of employee engagement in CSR despite heavy workloads.				

Community Engagement	4	3	2	1
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1. Understanding the specific needs of the community for targeted CSR programs is a challenge for our institution.				
2. Ensuring that our CSR initiatives address real community concerns is challenging.				
3. Building strong relationships with local communities for effective CSR collaboration is challenging.				
4. Gaining the trust and active participation of the community in MFI CSR efforts is difficult.				
5. Microfinance institution faces challenges in maintaining long-term community partnerships for CSR initiatives.				

Sustainability of the CSR Programs	4	3	2	1
1. Microfinance institution faces challenges in measuring the long-term outcomes of our CSR efforts.				
2. Ensuring consistent funding to sustain CSR programs over time is a challenge for our institution.				
3. Maintaining the relevance and impact of CSR initiatives in the long run is difficult.				
4. Adapting CSR programs to evolving community and business needs over time is challenging.				
5. Ensuring stakeholder commitment to long-term CSR goals is a challenge for our institution.				

PART VI: SUGGESTIONS FOR CSR IMPROVEMENT

What suggestions do you have for improving your institution's Corporate Social Responsibility initiatives?

-THANK YOU!-

APPENDIX D

Content Validation

Directions: Rate the following criteria to the following scales:

(5)= Excellence, (4)= Very Good, (3)=Good, (2)= Fair, (1)= Poor

CONTENT VALIDATION

ITEM		Rating				
		5	4	3	2	1
1	The directions given are clear in all sections of the data gathering instrument.	/				
2	Each item is clearly stated.	/				
3	Each item is readable, i.e, items are easily read.	/				
4	Each item is attractive to read; enough space is provided to avoid crowding among the items.		/			
5	The data gathering instrument is comprehensive i.e, it covered all areas that are important in the study.	/				
6	Each item is focused on a particular thought or idea	/				
7	The items are objective i.e the responses to be elicited are neither biased nor reactive.	/				
8	The items are formulated in accordance to the explicit / implicit objective of the study.		/			
9	The items are systematically arranged according to a desirable sequence.	/				
10	The items do not overlap with each other, no duplication of items is observed.	/				

Research Objective:

Summary and Suggestions:

- Kindly add charitable projects and/or programs, youth and sports development in scope.
- In verbal description of level of impact... consider to use this: very high impact, high impact, low impact, very low impact.
- State each item indicator in the third person.

This is to certify that I fully reviewed and gave suggestions as well as recommendations to further validate the reliability of the questionnaire provided in the study "CORPORATE SOCIAL RESPONSIBILITY OF MICROFINANCE INSTITUTIONS (MFIS) IN CABANATUAN CITY AND ITS EFFECT ON THEIR OPERATIONS: BASIS FOR STRATEGIC PLAN".

sgd.

KEVIN M. RIVERA

Signature over Printer Name

Date 10/23/2024

Appendix E

CURRICULUM VITAE

PROFILE:

NAME MARY JANE S. MAGNO

24 CLAMONTE STREET ADUAS CENTRO CABANATUAN CITY, NUEVA ECIJA

DATE OF BIRTH 9TH JANUARY 1990

EDUCATIONAL BACKGROUND:

ELEMENTARY PADRE GREGORIO CRISOSTOMO ELEMENTARY SCHOOL

SECONDARY NUEVA ECIJA NATIONAL HIGH SCHOOL

NUEVA ECIJA UNIVERSITY OF SCIENCE AND TECHNOLOGY

BACHELOR OF SCIENCE IN BUSINESS ADMINISTRATION MAJOR IN ENTREPRENEURSHIP 2010

GRADUATE STUDIES MASTER IN BUSINESS ADMINISTRATION

WORK EXPERIENCE: PRIMEWATER INFRASTRUCTURE CORPORATION

CABANATUAN CITY BRANCH

PURCHASING ASSISTANT 2017 – JUNE 2025

ACCOUNTING TEAM LEADER JULY 2025 - PRESENT

CABANATUAN CITY WATER DISTRICT

CABANATUAN CITY

INTERNAL CONTROL OFFICER 2015-2017

FRANKFOODS CORPORATION (KFC PHILS.) CABANATUAN CITY BRANCH MANAGER 2014-2015

OASIS FOOD CORPORATION (GOLDBLOCKS PHILS) CABANATUAN CITY BRANCH MANAGER
2012 - 2013

PROFILE:

NAME LORELYN FRANCISCO MARAYA

359 PUROK 2, SAN FERNANDO SUR, CABIAO, NUEVA ECIJA

DATE OF BIRTH 4TH DECEMBER 1991

EDUCATIONAL BACKGROUND:

ELEMENTARY SAN FERNANDO SUR ELEMENTARY SCHOOL SECONDARY
CABIAO NATIONAL HIGH SCHOOLCOLLEGE OF THE IMMACULATE CONCEPTION BACHELOR OF SCIENCE IN BUSINESS
ADMINISTRATION MAJOR IN FINANCIAL MANAGEMENT-2011

GRADUATE STUDIES MASTER IN BUSINESS ADMINISTRATION

WORK EXPERIENCE: DEPED DIVISION OF NUEVA ECIJA

CABIAO NATIONAL SENIOR HIGH SCHOOL

TEACHER III 2022- PRESENT

DEPED DIVISION OF NUEVA ECIJA

CABIAO NATIONAL SENIOR HIGH SCHOOL

TEACHER II 2017- 2022

MAKATI DEVELOPMENT CORPORATION

PROJECT HR SUPERVISOR 2015-2017

MAKATI DEVELOPMENT CORPORATION

ASSISTANT ADMINISTRATIVE OFFICER 2014-2015

MAKATI DEVELOPMENT CORPORATION

ADMIN STAFF-TIMEKEEPER 2012-2014

AGRIBUSINESS RURAL BANK INC

GAPAN

CUSTOMER CARE OFFICE ACTING OBO- Accountant 2012

AGRIBUSINESS RURAL BANK INC.

GENERAL TINIO

CARE OFFICE OBO- LOANS BOOKKEEPER 2011-2012

ACHIEVEMENT PUBLICATION OF RESEARCH STUDY ENTITLED: "WORKING PARENTS' CARE PREFERENCES FOR THEIR CHILDREN, 2010

PUBLICATION OF FEASIBILITY STUDY ENTITLED: "PRODUCTION OF RICE HULL CHARCOAL BRIQUETTES FOR COMMERCIAL SCALE, 2011

DEAN LISTER FOR 7TH CONSECUTIVE SEMESTER 2007-2011 GRADUATED AS – "WITH ACADEMIC COMMENDATION" 2011 GRADUATED AS – "BENEMERITUS" 2018

PROFILE:

NAME EFFER MARK JOSEPH I MATIAS

72 DIKE ST. VALDEFUENTE CABANATUAN CITY NUEVA ECIJA

DATE OF BIRTH 15TH JANUARY 1991

EDUCATIONAL BACKGROUND:

ELEMENTARY VALDEFUENTE ELEMENTARY SCHOOL

SECONDARY NUEVA ECIJA NATIONAL HIGH SCHOOL

TERTIARY ARAULLO UNIVERSITY BSBA – FINANCIAL ACCOUNTING

GRADUATE STUDIES COLLEGE OF IMMACULATE CONCEPTION MASTER IN BUSINESS ADMINISTRATION-2016

WORK EXPERIENCE: ALALAY SA KAUNLARAN MICROFINANCE SOCIAL DEVELOPMENT INC



CABANATUAN CITY

SENIOR TRAINING DEVELOPMENT OFFICER 2014 UP TO PRESENT

NE GROUP OF COMPANIES HR OFFICER 2011 - 2014