

Perceived Effects of Corporate Social Responsibility on Microfinance Institutions (MFI's) Operations In Cabanatuan City

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Submitted: January 2025 Accepted: May 2025 Published Online: June 2025

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 effects 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 these findings, the study recommends appointing dedicated CSR directors, improving impact assessment mechanisms, and enhancing employee and community engagement to strengthen CSR practices. The results offer valuable insights for MFIs seeking to strike a balance between financial sustainability and social responsibility, ultimately contributing to the broader discourse on the role of CSR in financial inclusion and economic development in the Philippines.

Keywords: *Business, Sustainability, Community, Engagement, Corporate Social Responsibility, Financial Inclusion, Microfinance Institutions, Operational Efficiency.*

INTRODUCTION

Doing business was not only about earning money but also about achieving business objectives and goals. It was a deeper connection between economic value and a commitment to its stakeholders. The traditional concept of "business of business is business" is no longer prevalent in today's modern business environment; instead, it has given way to the rise of Corporate Social Responsibility (CSR). CSR was not only seen as a charitable and philanthropic activity but also as a strategic tool that a company could use to promote the long-term sustainability of its business. CSR also had a way of striking a balance between making a profit and fulfilling its moral obligation to the community in which the business was situated. One of the business industries that was open to CSR was the Financial Institutions. Financial Institutions, in serving their clients through financing activities, also engage in CSR programs that can broaden their corporate strategy, recognizing their role in enhancing operational efficiency, building brand trust, and contributing to social welfare (Meng & Imran, 2024).

Microfinance Institutions (MFIs) are 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 involved empowering low-income individuals and marginalized communities by providing services such as financial access and financial

literacy education. MFIs worldwide have demonstrated how CSR can be effectively integrated into business operations through engagement in social activities.

In the Philippines, CSR has gained significant traction across the public and private sectors, prompting businesses to align their strategies with sustainable and responsible practices. Government regulations and policies further reinforce the adoption of CSR, particularly among MFIs, as a mechanism to support financial inclusion, empower communities, and contribute to national development goals (Santos, 2017). However, while CSR objectives are well-defined, challenges persist. Many businesses struggle with resource constraints, a lack of CSR awareness, and difficulties in fully integrating social responsibility into their operations (Mirvis & Googins, 2018).

Narrowing the scope, MFIs in Cabanatuan City, an economic hub in Nueva Ecija, play a crucial role in offering financial services to marginalized communities. These institutions engage in CSR activities such as community outreach and financial literacy programs, demonstrating their commitment to social responsibility. However, despite their contribution to local economic development, the extent to which CSR is integrated into their operations and its impact on efficiency and financial performance remains underexplored. While research has shown that CSR enhances community engagement (Freeman, Harrison, & Zyglidopoulos, 2021), its effect on institutional operations, client loyalty, and long-term business sustainability needs further investigation.

Although many CSR studies highlight its impact on communities, gaps remain in understanding how CSR initiatives influence day-to-day operational efficiency, employee engagement, and financial performance at the local level (Jamali & Karam, 2016). This study aims to bridge that gap by examining the relationship between CSR and the operational effectiveness of MFIs in Cabanatuan City. The research seeks to provide strategic recommendations for enhancing CSR integration and improving institutional performance. By analyzing CSR's influence on key operational areas such as resource allocation, employee engagement, and community involvement, this study will offer insights into the challenges MFIs encounter in balancing social responsibility with business sustainability. Therefore, this research will assess the impact of CSR on MFIs in Cabanatuan City and its effects on business operations, ultimately serving as a basis for developing a strategic plan.

METHODS

The study employed a quantitative research method. It aimed to collect and analyze numerical data to answer research questions and test hypotheses. In research involving a large population, a quantitative study is recommended, as this methodology utilizes numerical data and statistics to collect information and examine various issues or phenomena.

This study would utilize purposive sampling. Additionally, an adequate purposive sample must have clear criteria and a well-defined rationale for inclusion. This study would cover all the registered MFIs operating in Cabanatuan City that have CSR Programs. In selecting the registered MFIs with active CSR programs, the study aimed to gather comprehensive data that could be used to determine the Corporate Social Responsibility (CSR) practices of MFIs in Cabanatuan City and the effects of these CSR programs on business operations.

The respondents of the study were the twenty-eight (28) key employees from the registered MFIs in Cabanatuan City. To gather relevant data and minimize biases in the data collection process, the respondents include MFI managers and supervisors, the institution's CSR officers, financial officers, and other relevant personnel. The identified employees were actively and directly involved in the study, having substantial knowledge of their institution's CSR initiatives and operational activities.

The study was conducted in Cabanatuan City, where several MFIs are registered and actively engaged in various CSR programs. With this, Cabanatuan City was the ideal research site for conducting the study, as it would provide variations in the data gathered due to the number of registered MFIs. The survey was administered on the premises of the MFI company at a time convenient for the researchers to gather comprehensive information.

RESULTS AND DISCUSSION

Profile of the Microfinance Institutions

Forms of Business

The distribution of respondents by geographical location is presented in Table 1. The results showed that

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

Table 1. 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 by their years of operation is presented in Table 2. Their operational duration varies significantly, ranging from 1 to more than 10 years.

Table 2: 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

Based on the scope of the business operation, the MFI's scope of service caters to local, provincial, regional, and national levels of service.

Table 3: Business Operation Scope

Scope of Business Operation	Frequency	Percentage
Local (within Cabanatuan City)	1	4%
Provincial (within	11	39%

Nueva Ecija)		
Regional	10	36%
National	6	21%
Total	28	100%

Number of Employees

Employee sizes differ widely, ranging from fewer than 10 to over 100, as indicated in Table 9. 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 broader impact. In contrast, smaller MFIs may concentrate on community-specific and localized CSR activities.

Table 4. 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 with which they have affiliations or accreditation is indicated in Table 9. Additionally, while some MFIs have affiliations or accreditations with relevant organizations, others operate independently.

Table 5. Affiliation or Accreditation

Affiliated/Accredited	Frequency	Percentage
Yes	5	17%
No	23	79%
Total	28	100%

CSR Scope and Description

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.

Table 6. 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 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). The majority (55%) of the institutions did not implement their CSR. At the same time, 7% of them implement once a year.

Table 7. 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

Furthermore, while some (38%) MFIs monitor and evaluate their CSR initiatives, the majority (595) of them do not, as indicated in Table 12.

Table 8. CSR Monitoring and Evaluation

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

The method used in Monitoring and Evaluation.

Monitoring and evaluation are conducted through various mechanisms, including internal monitoring teams, external auditors, and community feedback. The range of CSR initiatives demonstrates the MFIs' commitment to addressing various socio-economic and environmental issues within their areas 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.

Table 9. Methods 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%

Effects of Corporate Social Responsibility on Microfinance Institutions (MIFs) Operations

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

Operational Efficiency/Productivity

When respondents were asked about the effects 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 effect 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 effect 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).

Table 10. Operational Efficiency/Productivity

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

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

Legend: 3.28-4.00 -Strong Positive Effects
 2.52-3.27 -Positive Effects
 1.76-2.51-Minimal Effects
 1.00-1.75-No Effects

Financial Performance

In terms of the effects 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 effect on the financial performance of the microfinance institution in Cabanatuan City.

The results demonstrate that CSR initiatives are crucial for enhancing the financial performance of MFIs, particularly by facilitating improved access to funding and investment opportunities. This supports previous research by Wang and Sarkis (2017), which emphasizes the role of CSR

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).

Table 11. 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	Positive Effect	The respondent agrees that CSR practices have a positive effect on their business, although the effect may be moderate in some areas.
2. CSR efforts, such as supporting local small businesses, have led to more sustainable client relationships and a positive impact on our financial performance.	2.39	Minimal Effect	The respondent somewhat disagrees that CSR practices have a meaningful effect on their business operations, with a limited effect.
3. The social and community-oriented CSR initiatives have enhanced client loyalty, leading to improved financial outcomes.	2.61	Positive Effect	The respondent agrees that CSR practices have a positive effect on their business, although the effect may be moderate in some areas.
4. Engaging in CSR has helped MFI secure better	2.64	Positive Effect	The respondent agrees that CSR practices have a

financing or investment opportunities from stakeholders.				positive effect on their business, although the effect may be moderate in some areas.
5. The CSR activities of microfinance institutions have reduced operational costs, contributing to improved financial performance.	2.32	Minimal Effect		The respondent somewhat disagrees that CSR practices have a meaningful effect on their business operations, with a limited effect.

Overall Weighted Mean	2.51	Positive Effects	Agree
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Legend: 3.28-4.00 -Strong Positive Effect
 2.52-3.27 -Positive Effect
 1.76-2.51 -Minimal Effect
 1.00-1.75 -No effect

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 effect 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 significantly influence the MFIs' brand positioning. This finding contrasts with previous research, which commonly emphasizes CSR as a vital factor in enhancing brand perception and reputation (Geng et al., 2022). The divergence may be attributed to sector-specific challenges (Araújo et al., 2023), such as limited marketing resources or a greater emphasis on community involvement rather than strategies focused on brand building.

Table 12. Reputation and Brand Image

Reputation and Brand Image	Weighted Mean	Verbal Interpretation	Verbal Description
1. Microfinance Institution's commitment to CSR has strengthened our institution's reputation as a socially responsible financial service provider.	2.43	Minimal Effect	The respondent somewhat disagrees that CSR practices have a meaningful effect on their business operations, with a limited effect.
2. Our microfinance institution's CSR initiatives have made us more attractive to potential clients and partners.	2.36	Minimal Effect	The respondent somewhat disagrees that CSR practices have a meaningful effect on their business operations, with a limited effect.
3. CSR activities, such as supporting local communities, have enhanced the brand loyalty of microfinance institutions.	2.36	Minimal Effect	The respondent somewhat disagrees that CSR practices have a meaningful effect on their business operations, with a limited effect.
4. The implementation of CSR programs has positioned microfinance institutions as leaders in ethical and	2.43	Minimal Effect	The respondent somewhat disagrees that CSR practices have a meaningful effect on their

responsible business practices.

business operations, with a limited effect.

5. The microfinance institution's CSR efforts have improved our visibility and recognition in the industry.

2.5

Minimal Effect

The respondent agrees that CSR practices have a minimal impact on their business, although this impact may be minimal in certain areas.

Overall Weighted Mean	2.41	Minimal Effect	Somewhat Disagree
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Legend: 3.28-4.00 -Strong Positive Effect
 2.52-3.27 -Positive Effect
 1.76-2.51-Minimal Effect
 1.00-1.75-No effect

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

For the study to assess the challenges encountered in the implementation of the Corporate Social Responsibility 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

When respondents were asked about the challenges encountered in implementing Corporate Social Responsibility (CSR) practices, particularly in the allocation of resources by 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. The results indicate that funding is a significant hurdle in implementing CSR initiatives, highlighting the financial limitations faced by numerous

MFI. This finding is consistent with previous research, which has recognized the scarcity of resources as a significant impediment to the successful implementation of CSR programs, especially in organizations operating 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 less challenging. This illustrates the ability of MFIs to effectively utilize non-financial resources in maintaining their CSR efforts.

Table 13. Resource Allocation

Resource Allocation	Weighted Mean	Verbal Interpretation	Verbal Description
1. The allocation of time for planning and executing CSR activities is limited, posing a challenge for our institution.	2.04	Slightly Challenging	The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
2. 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 complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
3. 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 complicated, although it is not overwhelming and can be

<p>4. Securing consistent funding for CSR projects is a challenge for our institution.</p>	<p>2.11</p>	<p>Slightly Challenging</p>	<p>handled with minimal effort or minor adjustments. The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments. The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.</p>
<p>5. Microfinance institution faces challenges in acquiring the necessary materials or tools for successful CSR programs.</p>	<p>2.07</p>	<p>Slightly Challenging</p>	<p>The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.</p>

<p>Overall Weighted Mean</p>	<p>2.05</p>	<p>Slightly Challenging</p>	<p>Somewhat Difficult</p>
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Legend: 3.28-4.00 -Very Challenging
 2.52-3.27 - Challenging
 1.76-2.51- Slightly Challenging
 1.00-1.75- Not Challenging

Employee Engagement

In terms of employee engagement, when respondents were asked about the challenges encountered in implementing Corporate Social Responsibility (CSR) practices, the highest weight 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 significant 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 finding is consistent with earlier research by Hosseini et al. (2021), which suggests that organizational culture and the perceived connection between CSR efforts and both personal and institutional objectives often influence the level of employee engagement in CSR. Nevertheless, the findings also highlight an area where improvements can be made, as maintaining high levels of employee engagement is crucial for the effectiveness and longevity of CSR initiatives.

Table 14. 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 complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
2. Encouraging and maintaining employee participation in CSR activities poses a challenge for our institution.	2.00	Slightly Challenging	The respondent perceives the task as somewhat difficult, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
3. Microfinance institutions struggle to integrate CSR activities into employees' daily responsibilities without disrupting operations.	2.04	Slightly Challenging	The respondent perceives the task as somewhat difficult, although it is not overwhelming and can be handled with minimal effort or minor

<p>4. Creating opportunities for employees to contribute to CSR in meaningful ways that align with their skills and interests is a significant challenge.</p>	<p>2.11</p>	<p>Slightly Challenging</p>	<p>adjustments. The respondent perceives the task as somewhat difficult, although it is not overwhelming and can be handled with minimal effort or minor adjustments.</p>
<p>5. Microfinance institution struggles to maintain high levels of employee engagement in CSR despite heavy workloads.</p>	<p>2.19</p>	<p>Slightly Challenging</p>	<p>The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.</p>
<p>Overall Weighted Mean</p>	<p>2.09</p>	<p>Slightly Challenging</p>	<p>Somewhat Difficult</p>

Legend: 3.28 -4.00 -Very Challenging
 2.52-3.27 - Challenging
 1.76-2.51- Slightly Challenging
 1.00-1.75- Not Challenging

Community Engagement

When respondents were asked about the challenges encountered in implementing Corporate Social Responsibility (CSR) practices in community engagement, the highest weight 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 significant obstacle for most microfinance institutions (MFIs). This may reflect the nature of corporate social responsibility (CSR) initiatives, in which MFIs often focus on short-term, project-specific efforts rather than long-term partnerships due to resource or operational constraints. These findings are 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.

Table 15. Community Engagement

Employee Engagement	Weighted Mean	Verbal Interpretation	Verbal Description
1. Understanding the specific needs of the community for targeted CSR programs poses a challenge for our institution.	2.14	Slightly Challenging	The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
2. Ensuring that our CSR initiatives address real community concerns is challenging.	2.14	Slightly Challenging	The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
Building strong relationships with local communities for effective CSR collaboration is a challenging task.	2.04	Slightly Challenging	The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.

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 complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
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 complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
Overall Weighted Mean	2.11	Slightly Challenging	Somewhat Difficult

Legend: 3.28 -4.00 -Very Challenging
 2.52-3.27 - Challenging
 1.76-2.51- Slightly Challenging
 1.00-1.75- Not Challenging

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).

The results indicate that although obtaining stable funding is challenging, it does not significantly affect the overall sustainability of CSR programs for most MFIs. This may reflect the organization's ability to adjust its programs according to available resources or utilize short-term funding to sustain its 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 persist as a significant issue in maintaining CSR initiatives, particularly in resource-constrained 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.

Table 16. Community Engagement

Sustainability of the CSR Program	Weighted Mean	Verbal Interpretation	Verbal Description
1. Microfinance institutions face challenges in measuring the long-term outcomes of their CSR efforts.	2.07	Slightly Challenging	The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
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 complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.
Maintaining the relevance and long-term impact of CSR initiatives is challenging.	2.00	Slightly Challenging	The respondent perceives the task as somewhat complicated, although it is not overwhelming

<p>4. Adapting CSR programs to evolving community and business needs over time is a challenging task.</p>	<p>1.89</p>	<p>Slightly Challenging</p>	<p>and can be handled with minimal effort or minor adjustments. The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments. The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.</p>
<p>5. Ensuring stakeholder commitment to long-term CSR goals is a challenge for our institution.</p>	<p>2.07</p>	<p>Slightly Challenging</p>	<p>The respondent perceives the task as somewhat complicated, although it is not overwhelming and can be handled with minimal effort or minor adjustments.</p>
<p>Overall Weighted Mean</p>	<p>2.04</p>	<p>Slightly Challenging</p>	<p>Somewhat Difficult</p>

Suggestions for CSR Improvement

When the respondents were asked about suggestions they could provide for improving CSR Practices, they mentioned the idea of appointing a CSR Director, as well as conducting a deeper evaluation of the effect on the community and having a proper assessment of the execution of CSR activities. Additionally, they suggested maintaining good engagement among current clients and employees to ensure the institution has a positive image within the community and among its future clients. Lastly, MFIs can focus on activities such as charity programs to foster greater commitment and engagement within society.

CONCLUSION AND RECCOMENDATIONS

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 securing stable funding, cultivating enduring community partnerships, and promoting employee participation continue to be notable hindrances. These issues are particularly evident in the sustainability of CSR initiatives, where financial constraints pose a recurring challenge.

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

The researchers suggested that MFIs can strengthen their CSR programs by incorporating the following areas into the institution's strategic planning, including proper budgeting and determination of operating costs, as well as enhancing CSR activities that support local communities. Additionally, it is recommended to ensure a balanced allocation of resources between CSR and core business operations, encourage and maintain employee participation in CSR activities, foster strong relationships 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 investigate the relationship between CSR strategies and organizational performance in resource-constrained sectors, such as microfinance.

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