Social Responsibility Practices of Small and Medium Enterprises (SMEs) in the province of Bukidnon


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ABSTRACT

The purpose of this study was to determine the social responsibility practices and the significant difference in the 393 small and medium enterprises (SMEs) in the Province of Bukidnon. The enterprises were grouped by classifications, business organizations, and business types. The study used descriptive survey method, questionnaire, percentage, mean, t-test, and ANOVA. Results showed that most of the enterprises are small in the category with ten years and below business experience. Most are sole proprietorship and involved in the business of retailing. Results revealed that there is a high level of social responsibility practices in terms of economic, legal, ethical, discretionary/philanthropic, and environmental aspects. The results showed that there is no significant difference in the level of compliance to social responsibility practices for small and medium enterprises by classification and by business type. However, the study yielded a significant difference in social responsibility practices when analyzed by business organizations. Furthermore, this study recommends that small and medium enterprises should integrate social responsibility in all phases of their business operation that will improve the quality of life of the workforce and their families, the welfare of the community, and the well-being of society.

Keywords: small and medium enterprises, social responsibility

INTRODUCTION

Today, social responsibility has become a worldwide concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities, and the environment in all aspects of their operations (Rawaw, 2010). Social responsibility is an important management tool today. It has emerged as a significant theme in the global business community and has become a mainstream activity.

According to the World Bank, social responsibility is the commitment of businesses to behave ethically and to contribute to sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society at large. It is generally
agreed that CSR involves corporations voluntarily exceeding their legal duties to take account of the social, economic, and environmental impacts of their operations.

Moreover, scientists and marketing professionals emphasized the importance of corporate social responsibility (CSR) in decision-making process of consumers. Since social responsibility is becoming more popular globally, CSR is seen as crucial in creating an attractive corporate image, providing competitive advantage and differentiation, leading to business success (Banyte et al., 2010).

On the other hand, Aldaba (2012) underscored that small and medium enterprises (SMEs) are crucial for the economic growth of a country, employment creation and innovation. It plays an essential role in developing the Philippine economy. They help reduce poverty by creating jobs for the growing labor force. They stimulate economic development in rural and far-flung areas. They serve as valuable partners to large enterprises as suppliers and providers of support services.

They serve as breeding grounds for new entrepreneurs and large corporations. Based on 2015 statistical data provided by the Philippine Statistics Authority (PSA), there are 900,914 establishments in the Philippines. Of these, 99.5% (896,839) are micro, small, and medium enterprises (MSMEs) and the remaining 0.5% (4,075) are large enterprises. This growing number of SMEs resulted in some environmental, legal, ethical, and economic issues and concerns.

Since the 1970s, the Philippine government has devoted considerable effort to support and promote SME development through various of schemes and agencies covering numerous programs, policies, and development plans. However, the success of economics comes with a cost of environmental destruction, education failure, and social problems. To solve these problems, instead of focusing only on economic growth, business enterprises may shift directions on a new trend, sustainable development, considering social and environmental aspects. In this direction, any accomplishments are not only evaluated by organization profits but also by the living quality of people, environments, and nature. One aspect that plays a vital role on the stage is social responsibility (Ayuwat & Buapun, 2015).

It is in this context that this study was be conducted. The result of this investigation may be used as functional data to develop a better understanding why business engagement on social responsibility is important. Thus, making this undertaking was a matter of social relevance.

Objectives of the study

This study aimed to determine the social responsibility practices of small and medium enterprises of the Province of Bukidnon.

Specific Objectives:

1. Present the profile of small and medium enterprises in Bukidnon
2. Determine the social responsibility practices of SMEs in Bukidnon
3. Ascertain the difference of social responsibility practices when analyzed according to classifications, business organizations, and business type.

II. REVIEW OF RELATED LITERATURE

Small and Medium Enterprises

The Philippines has two operational definitions of small and medium enterprises. Based on employment definition in the country, the different size categories are classified as follows: Micro enterprises: 1-9 employees, small enterprises: 10-99 employees, medium: 100-199 employees, and large: 200 or more employees. In terms of the assets, SMEs are defined as follows: Micro enterprises: P3 million or less Small enterprises: P3-15 million Medium: P15-100 million Large: P100 or more. In terms of number of establishments, micro, small, and medium enterprises (MSMEs) dominate the economy and account for almost 99.6% of the total number of establishments in 2008. With a share of about 92%, micro enterprises are more predominant than small and medium enterprises which account for only 8% of the total number of establishments.

SMEs have played a key role in sustainable development. These SMEs are in all sectors including industrial, agriculture, and services and are in both rural and urban communities across the country. They employ labors from nearby communities and allow the communities to choose the development process in response to their capabilities. Importantly, SMEs can serve as shock absorber for economic fluctuation, which may occur in the future.

Corporate Social Responsibility

CSR is defined in many ways and no universally accepted definition is in place, however, the scope of CSR in corporate board rooms to be management ranks have pervaded and continue to gain momentum. Further CSR should not be viewed as an add–on activity as it is a concept of good practice that cuts across an organization.

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Corporate Social Responsibility (CSR) has permeated management practice and theory up to a point where CSR can be referred to as the latest management fad (Guthey, Langer, & Morsing, 2006). However, so far CSR integration into business processes has been very uneven. Walters (2005), for example, finds that most firms conceptualize CSR primarily as a tool to reduce risks and operational cost. Only a minority of firms is using CSR to drive innovation. In their study of 150 German and British pharmaceutical companies Blume-Kusterer and Hussain (2001) similarly find that regulation and technological progress are the two main drivers for sustainability innovations. They observed that the lure of emerging market niches was no important motivator for the firms studied. This is unfortunate since bringing stakeholders into the innovation process offers important opportunities to increase both the social and financial performance of firms.
Hill (2006) explained that CSR is a set of practices that form a part of good management or business practices much of it is about transparency and disclosure. Many organizations find that they already do much of what is considered “CSR” but often do not have formal allied systems to report on those activities.

Carroll (2011) defines CSR as hierarchy of 4 responsibility levels: economic, legal, ethical, and discretionary components. Economic responsibility is being profitable, creating good and safe working conditions, providing quality products. Legal responsibility is complying with laws and regulations. Ethical responsibility is conducting business in moral, just, and transparent manner. Discretionary responsibility is voluntarily supporting social movements, investing in well-being of society in long term.

According to Alas and Tafel (2008), research about corporate social responsibility could be divided into three categories: structural research (van Marrewijk 2003; Wilenius 2005), normative research (Gatewood and Carroll 1981) and developmental research (Carroll 1991, Hoffman 1997, Schwartz and Carroll 2003, Reidenbach and Robin 1991). From the structural viewpoint, corporate social responsibility covers three dimensions of corporate action: economic performance, social accountability, and environmental management. From the normative viewpoint, different levels of social responsibility, based on the criteria of the extent to which a company meets the social expectations of the society, could be differentiated. From the developmental viewpoint Carroll’s (1999) CSR model identifies four components: economic, legal, ethical and voluntary (discretionary). The economic aspect is concerned with the economic performance of the company, while the other three categories – legal, ethical, and discretionary – address the societal aspects of CSR.

Economic Aspect

McGuire, Sundgren and Schneeweis (1988) Using Fortune magazine's ratings of corporate reputations analyzed the relationships between perceptions of firms' corporate social responsibility and measures of their financial performance. They found a firm's prior performance, assessed by both stock-market returns and accounting-based measures, was more closely related to corporate social responsibility than was subsequent performance. Measures of risk were more closely associated with social responsibility than previous studies had suggested. Wortick and Cochran (1985) traced the evolution of the corporate social performance model by focusing on three challenges to the concept of corporate social responsibility: economic responsibility, public responsibility, and social responsiveness. They also examined social issues management as a dimension of corporate social performance.

Carroll (2011) viewed the 1980s as a shift to more empirical research applying his proposed four-dimensional pyramid model responsibility. He suggested that CSR includes four kinds of responsibilities or dimensions: economic, legal, ethical and philanthropic. In 1979 he offered a conceptual model that comprehensively describes essential aspects of corporate social performance. He addressed three aspects of the model major questions of concern to academics and managers alike: (1) what is included in corporate social responsibility? (2) what are the social issues the organization must address? and (3) what is the organization's philosophy or mode of social responsiveness?
Legal Aspect

Mahoney and Thorne (2005) examined the association between long-term compensation and corporate social responsibility (CSR) for 90 publicly traded Canadian firms. Social responsibility is considered to include concerns for social factors and the environment. They found a significant relationship between the long-term compensation and total CSR weakness as well as the product/environmental weakness dimension of CSR. In addition, they found a marginally significant relationship between long-term compensation and total corporate responsibility. Their findings were that executives ‘long-term compensation is associated with a firm s environmental action, and that firms that utilize long-term compensation are more likely to mitigate product/environment weaknesses than those that do not. In 2006 they also examined the association between executive compensation and corporate social responsibility (CSR) for 77 Canadian firms using three key components of executives’ compensation structure: salary, bonus, and stock options. They measured three different aspects of CSR, which include Total CSR as well as CSR Strengths and CSR Weaknesses. CSR Strengths and CSR Weaknesses capture the positive and negative aspects of CSR, respectively. They found significant positive relationships between: (1) Salary and CSR Weaknesses, (2) Bonus and CSR Strengths, (3) Stock Options and Total CSR; and (4 ) Stock Options and CSR Strengths. They suggested the importance of the structure of executive compensation in encouraging socially responsible actions, particularly for larger Canadian firms.

Zahra and LaTour (1987) identified three major themes in research on corporate social responsibility (CSR) of particular interest; however, is the potential link between CSR and organizational effectiveness (OE). Data collected from 410 college graduate and undergraduate students were used to examine that relationship. Using factor analysis, eight dimensions of CSR and three components of OE were extracted. They performed Canonical analysis. The result supports the proposition that specific CSR practices affect select OE outcomes.

The same report gave some evidence of the different perceptions of what this should mean from a few different societies across the world. It respects cultural differences and finds the business opportunities in building the skills of employees, the community, and the government from Ghana, through to CSR is about business giving back to society from the Philippines.

The current corporate social responsibility (CSR) agenda is immature, though the issues that it is concerned with are as old as human endeavor. Basic definitional issues are still contested. One of the principal dividing lines across much of Europe and North America is between people who say that the corporate social responsibility agenda should be limited to a consideration of ‘voluntary’ activities by businesses ‘beyond compliance’ with legally mandated baselines, and those who argue that the starting point should be far broader – based on an understanding of the total impacts of business in society, or the potential contributions of businesses to the societies in which they operate.

Ethical Aspect

Hill (2006) Explained that CSR is a set of practices that form a part of good management or business practices much of it is about transparency and disclosure.
Many organizations find that they already do much of what is considered “CSR” but often do not have form allied systems to report on those activities.

Mohr, Webb and Harris (2001) viewed corporate social responsibility as a company’s commitment to minimizing eliminating any harmful effects on society and maximizing its long-term beneficial impact. Chowdhury (2004) believes that, as a part of corporate governance. Corporate governance and monitoring are an important control device. The independent roles of non-executive directors in a society are dependent on economic, socio – political and cultural factors of that society. Asia particularly China, Japan, India, Bangladesh, Malaysia and Indonesia are characterized by collectivism and paternalism where there is high loyalty to senior people and juniors and subordinates obey seniors’ wishes and desires.

The World Business Council for Sustainable Development in its publication “Making Good Business Sense” by Lord Holme and Richard Watts used the following definition. “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. Research has also shown that job applicant and employee perceptions of a firm’s CSR affects how attractive these individuals perceive the firm to be (Greening and Turban 2000).

The precise nature of CSR is understood in different ways, with differences in understanding or representation of the concept relatable to different paradigms and concerns. Although there are several contested notions of what CSR should be and how it should work, there is some agreement upon what it broadly entails. Several concepts and issues are subsumed under the heading of CSR, including human rights, environmental responsibility, diversity management, sustainability, and philanthropy (Amaeshi & Adi, 2006), meaning that it is a complex area with an interdisciplinary focus.

Discretionary/Philanthropic Aspect.

Traditionally in the United States, CSR has been defined much more in terms of a philanthropic model. Companies make profits, unhindered except by fulfilling their duty to pay taxes. Then they donate a certain share of the profits to charitable causes. It is seen as tainting the act for the company to receive any benefit from the giving. (The World Business Council for Sustainable Development in its publication Making Good Business Sense by Lord Holme and Richard Watts)

It is generally agreed that CSR involves corporations voluntarily exceeding their legal duties to take account of social, economic, and environmental impacts of their operations. For example, the European Commission defines CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis” (European Multistakeholder Forum on CSR, 2004: 3)

In practice, a variety of definitions of CSR exists. The European Commission (2002) defines Corporate Social Responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". 
The World Bank states: "CSR is the commitment of businesses to behave ethically and to contribute to sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society at large.

Environmental Aspect

Corporate social responsibility is a concept whereby companies fulfil accountability to their stakeholders by integrating social and environmental concerns in their business operations (Tanimoto and Suzuki 2005). According to Marcel van Marrewijk (2003), the concept of corporate social responsibility covers three dimensions of corporate action: economic, social, and environmental management.

Corporate social responsibility forces a repositioning of strategies from being profit-driven organizations to organizations that are interested in the company's influence on social and environmental aspects (Quaak et al. 2007).

In general, this part the researchers gained much point of views from the different readings of books, journals, thesis, dissertations, and websites written and published by various authors and researchers who were expert in their field of specialization. It helped the researchers to deepen their understanding on the importance of determining the social responsibility practices of small and medium enterprises. This study was further conceptualized by the findings and results of the studies previously conducted.

III. METHODOLOGY

Research Design

The descriptive method of research was used in this study. Descriptive research involves collecting data to be able to describe the characteristics of the variables of interest in a situation and to test the hypothesis through a questionnaire survey, interviews, or observations (Sekaran, 2012). This method is appropriate for this study to determine the social responsibility practices of small and medium enterprises.

Research Subjects

The respondents of this study were 393 small and medium enterprises in the Province of Bukidnon. Stratified random sampling was used by the researchers in the identification of the number of respondents.

Research Instruments

The researchers designed the survey instrument. The questionnaire was constructed on a five-point Likert scale. It was pre-tested and obtained a Cronbach alpha of 0.901 and further validated by the panel of experts.

Data Gathering Procedure

A letter was sent to the Provincial Director of the Department of Trade and Industry, Province of Bukidnon, requesting permission to
conduct the study. Upon the approval of the letter, the researchers administered the survey questionnaire to the respondents and personally retrieved the accomplished instruments. The data were collated and organized and subjected to statistical treatment for analysis and interpretation.

Statistical Treatment of Data

These tools were used in the analysis of data:

Percentage. This was used to determine the profile of small and medium enterprises in Bukidnon.

Mean. To determine the level of social responsibility practices of small and medium enterprises in the Province of Bukidnon.

t-test. To determine the significant difference in the social responsibility practices when analyzed by classification.

Analysis of Variance (ANOVA). To determine the significance of the difference in social responsibility practices of small and medium enterprises when analyzed by business organizations and business type.

IV. RESULTS AND DISCUSSION

Profile of Small and Medium Enterprises in the Province of Bukidnon

Classification. Out of 393 respondents, 373 or 95.0 percent are small enterprises, and 20 or 5.0 percent are medium enterprises.

Years in Operation. The number of years in operation of small and medium enterprises in Bukidnon. Ten years and below are 219 or 55.7 percent; 11 to 20 years are 89 or 22.7 percent; 21 to 30 years are 52 or 13.2 percent; 31 to 40 years are 10 or 2.5 percent; 41 to 50 years are 12 or 3.1 percent and 51 years and above are 11 or 2.8 percent.

Business Operations. Moreover, there are 55.7 percent or Two Hundred Nineteen sole proprietorship; 7.6 percent or Thirty partnership and 36.7 percent or 144 are corporations out of 393 small and medium enterprises in Bukidnon.

Business Type. Furthermore, with regards to the business type, there is 179 or 45.55 percent whose businesses are retailing. This is followed by 111 or 28.3 percent services, 50 or 12.7 percent involved in the business of manufacturing/producers, and 53 or 13.5 percent involved in other business operations such as trading, wholesaling, contracting/sub-contracting, merchandising, mining, quarrying and the like.

Social Responsibility Practices of SMEs in Bukidnon in terms of Economic Aspect
The overall mean of 4.56 or very high. The mean ratings are as follows: 4.23 or high on prioritizing job opportunities to the unemployed and qualified workforce in the community; 4.59 or very high on delivering quality products and services punctually; 4.73 or very high providing good and safe working conditions for employees; 4.56 or very high on implementing after-sale service and customer care system; 4.73 or very high on maintaining a good relationship to suppliers and other stakeholders; 4.27 or high on providing latest tools and equipment for use in business operations; 4.10 or high on strengthening business networks locally and globally; 4.47 or high on planning to prevent future business problems; 4.61 or very high on providing fair service for different groups of customers; and 4.32 or high on disclosing to customers total information needed for buying.

The very high rating means that social responsibility practices in terms of economic aspect are well-practiced. This connotes that small and medium enterprises provide excellent and safe working conditions for employees and maintain good relationships with suppliers and other stakeholders while doing social activities. However, items on strengthening business networks locally and globally and disclosing to customers complete information needed for buying got the lowest mean.

This conforms to the study of Blum-Kusterer and Hussain (2001) that corporate social responsibility offers important opportunities to increase both the social and financial performance of firms. Also, Walters (2005) pointed out that social responsibility serves to reduce operational costs.

Social Responsibility Practices of SMEs in Bukidnon in Terms of Legal Aspect

The overall mean for legal aspect is 4.73 or very high. The mean ratings are organized from highest to lowest as follows: 4.89 or very high on complying with permits and licenses; 4.82 or very high on abiding by the constitution and by-laws of the company; 4.79 or very high on the filing of Income Tax Return promptly; 4.71 or very high on practicing fair pricing and fair competition; 4.70 or very high on promoting transparency and accountability; 4.63 or very high on complying minimum legal requirements prescribed by DTI and the Consumer Act of the Philippines; 4.62 or very high on conducting business in a manner consistent with expectations of government and law; 4.54 or very high on publishing/displaying product information like price tags, expiration date, tariff, etc.; 4.41 or high on providing minimum salary, health, and pension benefits; and 4.31 or high on developing crisis and risk reduction management plan.

The very high rating means that social responsibility practices in terms of legal aspect are well-practiced. The small and medium enterprises exercise social practices on promoting transparency and accountability to the public, complying with business permits and licenses, and practicing fair pricing. Moreover, it should develop a crisis and risk reduction management plan.

The result of this study is in consonance with the study of Hill (2006), who revealed that corporate social responsibility is a set of practices that form a part of good management or business practices; much of it is about transparency and disclosure. In the same way, Chowdhury (2004) supported that good governance is part of commitment of company to social responsibility for long term beneficial impact.
Social Responsibility Practices of SMEs in Bukidnon in Terms of Ethical Aspect

The overall mean of 4.56 or very high. The mean ratings are sorted from highest to lowest as follows: 4.74 or very high on respecting employee rights and safety; 4.67 or very high on observing moral integrity, justice, and equality; 4.62 or very high on keeping ethical relationships among employees and management; 4.54 or high on providing just and on-time compensation; 4.54 or very high on taking corrective actions ethically on management lapses; 4.53 or very high on practicing Code and Ethics and ethical standards; 4.53 or very high on obligating healthy ethics for a long term profitable manner; 4.39 or high on preventing moral norms from being compromised to achieve corporate goals; 4.35 or high on obligating healthy ethics for a long term profitable manner; and 4.19 or high on providing career development, training and professional advancement to employees.

The very high rating means that social responsibility practices in terms of ethical aspect are well-practiced. This connotes that small and medium enterprises respect the rights and safety of employees, observe moral integrity, justice, equality and observe ethical relationships among employees and management. However, SMEs may provide additional career development, training, and professional advancement to employees.

The above findings collaborated with the report of the World Business Council that Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, the local community, and society at large.

Social Responsibility Practices of SMEs in Bukidnon in Terms of Discretionary/Philanthropic Aspect

The overall mean of 3.49 or moderate. The mean ratings are arranged from highest to lowest as follows: 3.80 or high on giving sales promotions during seasonal events; 3.78 or high on donating money or in-kind to charitable causes; 3.63 or high on sponsoring community events; 3.61 or high on engaging in a project to aid and serve the community; 3.50 or high on contributing resources and materials for community development; 3.48 or moderate on supporting community projects voluntarily to enhance the quality life of their constituents; 3.32 or moderate on conducting activities or programs on health promotion, risk and disaster awareness and feeding program; 3.32 or moderate on rendering free services to the community and other organizations; and 2.91 or moderate on conducting fundraising activities for a cause/target beneficiary.

The moderate rating means that social responsibility practices in terms of discretionary/philanthropic aspect are moderately practiced. This connotes that small and medium enterprises moderately donated money or in kind to charitable causes, rendered free services to the community and other organizations, and conducted fundraising activities for a cause/target beneficiary.

Social Responsibility Practices of SMEs in Bukidnon in Terms of Environmental Aspect
The overall mean of 4.20 or high. The mean ratings are sorted from highest to lowest as follows: 4.54 or high on complying to the regulations in environmental safety and preservation (Clean Air Act, Municipal Solid Waste Management, etc.); 4.48 or high on maintaining proper waste segregation activities (Reduce, Reuse and Recycle); 4.35 or high on limiting the production of wastes and by-products which are harmful for the environment; 4.34 or high on avoiding the use of harmful substances in the conduct of business operations; 4.11 or high on operating with greater efficiency (more output for lesser input); 4.10 or high on producing/selling environmental friendly products and services; 3.88 or high on making investment to create a better life for future generations (sustainable development); 3.85 or high on participating in activities which aim to protect and improve the quality of the natural resources; 3.82 or high on engaging in project to preserve the environment. (clean-up drive, tree planting, etc.); and 3.80 or high on implementing special programs to minimize negative impact on the natural environment. The high rating means that social responsibility practices in terms of environmental aspect is well practiced. This implies that small and medium enterprises were actively involved in the promotion and protection of the environment. The finding affirmed with the point of view of Mohr, Webb and Harris (2001) who stated that corporate social responsibility as a company’s commitment to minimizing eliminating any harmful effects on society and maximizing its long-term beneficial impact. The summary of the overall mean for all the areas of social responsibility is presented in Table 1.

Table 1: Summary on the level of Social Responsibility Practices of Small and Medium Enterprises in Bukidnon

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Descriptive Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Aspect</td>
<td>4.56</td>
<td>Very high</td>
</tr>
<tr>
<td>Legal Aspect</td>
<td>4.73</td>
<td>Very high</td>
</tr>
<tr>
<td>Ethical Aspect</td>
<td>4.56</td>
<td>Very high</td>
</tr>
<tr>
<td>Philanthropic Aspect</td>
<td>3.49</td>
<td>Moderate</td>
</tr>
<tr>
<td>Environmental Aspect</td>
<td>4.20</td>
<td>High</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td>4.31</td>
<td>High</td>
</tr>
</tbody>
</table>

Table 2: Difference in the Social Responsibility Practices of Small and Medium Enterprises when analyzed by Classification

<table>
<thead>
<tr>
<th>Descriptive Level</th>
<th>Range of Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>4.50 – 5.00</td>
</tr>
<tr>
<td>High</td>
<td>3.50 – 4.49</td>
</tr>
<tr>
<td>Moderate</td>
<td>2.50 – 3.49</td>
</tr>
<tr>
<td>Low</td>
<td>1.50 – 2.49</td>
</tr>
<tr>
<td>Very Low</td>
<td>1.00 – 1.49</td>
</tr>
</tbody>
</table>

Presented in Table 2 is the difference in the level of social responsibility practices of small and medium enterprises when analyzed by classification. The result shows no
significant difference in the level of social responsibility practices for small and medium enterprises when analyzed by classification as revealed in the overall t computed value of -1.689 with a p value of 0.162 which is greater than .05 level of significance. The result is not significant; thus, the null hypothesis is accepted.

The finding means that small and medium enterprises reveal an equal level of social responsibility practices. This implies that the classification is not a source of difference along this variable. However, on ethical aspect as indicator, the computed t value is -2.071 with a p value of 0.002 which is lower than .05 level of significance. The result is significant thus the null hypothesis is rejected. The result means that small and medium enterprises show differences on the level of social responsibility in terms of ethical aspect.

Furthermore, on economic, legal, discretionary/ philanthropic, and environmental aspects as indicators. The result shows no significant difference on the level of social responsibility practices as revealed in the computed t value of -0.994, -1.478, -1.064 and -2.233 with the p value of 0.321, 0.152, 0.288 and 0.092, respectively. The results are not significant; thus, the null hypotheses are accepted.

The finding was supported by the study of Ayuwat et.al (2015) who proved that small and medium enterprise has both the difference and similarity on the topics of the conduct on social responsibility. Moreover, it was found out that the most SMEs would usually range from complying with the minimum requirement of the law to complying with the law fully or beyond their legal responsibility.

Table 2: Level of Social Responsibility Practices when analyzed by classification

<table>
<thead>
<tr>
<th>Social Responsibility Practices</th>
<th>Classification</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Economic Aspect</td>
<td>4.56</td>
<td>4.70</td>
<td>-0.994</td>
</tr>
<tr>
<td>Legal Aspect</td>
<td>4.72</td>
<td>4.85</td>
<td>-1.478</td>
</tr>
<tr>
<td>Ethical Aspect</td>
<td>4.55</td>
<td>4.85</td>
<td>-2.071</td>
</tr>
<tr>
<td>Philanthropic Aspect</td>
<td>3.51</td>
<td>3.75</td>
<td>-1.064</td>
</tr>
<tr>
<td>Environmental Aspect</td>
<td>4.18</td>
<td>4.50</td>
<td>-2.232</td>
</tr>
<tr>
<td>Overall</td>
<td>4.30</td>
<td>4.52</td>
<td>-1.689</td>
</tr>
</tbody>
</table>

*p<0.05
**p<0.01**

Difference in the Social Responsibility Practices of Small and Medium Enterprises when analyzed by Business Organizations

Displayed in Table 3 is the difference in the social responsibility of small and medium enterprises when analyzed by business organizations. The result shows an F computed value of 2.587 with a p value of 0.038 which is lower than .05 level of significance. The result was significant thus the null hypothesis was rejected. It can be stated therefore that there was a significant difference on the social responsibility practices when analyzed by business organizations. This means that sole proprietorship, partnership, and corporation had a difference on social responsibility practices.

However, in terms of legal aspect, the F computed value was 0.663 with a p value of 0.575 which is greater than .05 level of significance. The result was not significant thus the null hypothesis was accepted. This means that sole proprietorship, partnership, and corporation revealed an equal level of social responsibility.

As regards to economic, ethical, discretionary/ philanthropic, and environmental aspects, the F computed values were 2.866, 2.848, 4.043 and 2.178 with p values of 0.036, 0.037, 0.008 and 0.040, respectively, which are lower than .05 level of significance. The results were significant thus the null hypotheses were rejected.

The result is in congruent to the study of Kotler and Lee (2004) revealed that the small and medium enterprises used to view social responsibility as the matter conducted by large enterprises with huge profits or a lot of budget dedicated to the activities and advertisements to facilitate their businesses. Moreover, it was found that SMEs exhibits different phenomena from those large enterprises.

Table 3: Level of Social Responsibility Practices when analyzed by business organization

<table>
<thead>
<tr>
<th>Social Responsibility Practices</th>
<th>Business Organizations</th>
<th>F-value</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sole Prop.</td>
<td>Part.</td>
<td>Corp.</td>
</tr>
<tr>
<td>Economic Aspect</td>
<td>4.50</td>
<td>4.47</td>
<td>4.67</td>
</tr>
<tr>
<td>Legal Aspect</td>
<td>4.69</td>
<td>4.73</td>
<td>4.70</td>
</tr>
<tr>
<td>Ethical Aspect</td>
<td>4.49</td>
<td>4.53</td>
<td>4.67</td>
</tr>
<tr>
<td>Philanthropic Aspect</td>
<td>3.41</td>
<td>3.57</td>
<td>3.65</td>
</tr>
<tr>
<td>Environmental Aspect</td>
<td>4.11</td>
<td>4.40</td>
<td>4.26</td>
</tr>
<tr>
<td>Overall</td>
<td>4.24</td>
<td>4.34</td>
<td>4.39</td>
</tr>
</tbody>
</table>
Difference in the Social Responsibility Practices of Small and Medium Enterprises when analyzed by Business Type

Reflected in Table 4 is the significance of the difference in the social responsibility practices of small and medium enterprises when analyzed by business type. The result showed an F computed value of 0.835 with a p value of 0.467 which is greater than .05 level of significance. The result was not significant thus the null hypothesis is accepted. This means that there was an equal level of social responsibility of small and medium enterprises when analyzed by business type. This means further that business type is not a source of difference.

The findings affirmed with the point of view of Kotler and Lee (2004), who outlined social responsibility practices for manufacturing, services, trading, and maintenance business.

Table 4: Level of Social Responsibility Practices when analyzed by business type

<table>
<thead>
<tr>
<th>Social Responsibility Practices</th>
<th>Business Type</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retailing</td>
<td>Service</td>
</tr>
<tr>
<td>Economic Aspect</td>
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<td>4.60</td>
</tr>
<tr>
<td>Legal Aspect</td>
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<td>4.79</td>
</tr>
<tr>
<td>Ethical Aspect</td>
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<td>4.59</td>
</tr>
<tr>
<td>Philanthropic Aspect</td>
<td>3.46</td>
<td>3.50</td>
</tr>
<tr>
<td>Environmental Aspect</td>
<td>4.14</td>
<td>4.20</td>
</tr>
<tr>
<td>Overall</td>
<td>4.26</td>
<td>4.33</td>
</tr>
</tbody>
</table>

V. CONCLUSION

Based on the foregoing results and discussions, the following conclusions were drawn:
1. In the Province of Bukidnon majority of the enterprises belong to small category with 10 years and below in operations. Majority are sole proprietorship and mostly involved in the business of retailing.

2. There is a high level of social responsibility practices in terms of economic, legal, ethical, discretionary/philanthropic, and environmental aspects.

3. There is no significant difference in the level of social responsibility practices for small and medium enterprises when analyzed by classification and by business type. However, the study yielded a significant difference in the level of social responsibility practices when analyzed by business organizations.

**RECOMMENDATIONS**

Based on the forgoing conclusions, the researcher proposes the following recommendations:

1. Small and medium enterprises must have to integrate social responsibility practices in all phases of its business operation through contributing resources and materials for community development to strengthen business networks locally and globally.

2. Involvement of employees in different social responsibility activities. Allow employee to participate or attend on seminars/trainings on social responsibility practices in business as a way of providing professional development and career advancement.

3. Promote environmental protection and conservation by engaging in activities which aim to protect and improve the quality of the natural resources, producing/ selling environmentally friendly products and services and avoiding the use of harmful substances in the conduct of business operations.

4. Develop the philanthropic spirit by extending donations and other resources to foundations and charitable organizations that will improve the quality of life of the workforce and their families, the welfare of the community.

**REFERENCES**


