

**CORPORATE SOCIAL RESPONSIBILITY OF FRANCHISE-BASED
FIRMS IN TUGUEGARAO CITY**

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ABSTRACT

This study was conducted to determine the Corporate Social Responsibility (CSR) of franchise-based firms in Tuguegarao City. Specifically, it sought to determine the extent of implementation on the CSR of the franchise-based firms in the areas of environment, economic, and social. It also delved on the benefits that franchise-based firms have received and the problems encountered in implementing CSR. Descriptive research design was employed using survey questionnaire in gathering the data. There were a total of thirty-five (35) participants in the study comprising of the owners and managers of the franchise-based firms. Frequency counts, percentages, means, t- test and analysis of variance were used for statistical analysis. Results showed that the participants implemented CSR in environment to a great extent and implemented to a moderate extent in the areas of economic and social. Results also showed that there was no significant difference on the extent of implementation of CSR in the above mentioned areas when grouped according to profile of the participants and franchise-based firms. The primary benefits received in implementing CSR as perceived by the participants were customer awareness and loyalty in their business. Results also revealed that the franchise-based firms lack support from some government and non government institutions in implementing their corporate social responsibility-based projects. The researchers recommend that the franchise-based firms should maintain or strengthen their CSR to ensure its active compliance with the spirit of the law. It is also recommended that the government and non-government institutions should support the CSR based-projects of these franchise-based firms.

Keywords: *Corporate social responsibility, social aspect, economic aspect, environmental aspect*

INTRODUCTION

Business ethics calls for the integration of Corporate Social Responsibility (CSR) practices as an important part of every firm and industry's priorities. It highlights the need of every business owner to be concerned with what is happening in our society and what contributions they may offer with regards to public interest.

Corporate Social Responsibility (CSR) activities are intended to improve the overall social welfare further than the economic, technical, and legal interests of a firm and its stakeholders (McWilliams and Siegel, 2001). Consequently, CSR has attracted worldwide attention and acquired a new resonance in the global economy. Heightened interest in CSR has stemmed from the advent of globalization and international trade, which have resulted to increased business complexity and new demands for enhanced transparency and corporate citizenship.

The high ranking of CSR practices on research agendas (Greenfield, 2004) appears to be reflected in theoretical and managerial discussions that argue 'that not only is doing good the right thing to do, but it also leads to doing better' (Bhattacharya, 2004). Consequently, CSR has moved from ideology to reality, and many consider it necessary for organizations to define their roles in society and apply social and ethical standards to their businesses (Lichtenstein, 2004).

On the other hand, it must be taken into consideration that every company has limited resources with which to pursue its mission. CSR initiatives could possibly lead to the unintentional neglect of the responsibilities, to which company leaders have already committed to, by virtue of their roles: advancing the interests of the organization.

For the purpose of this study, franchising is defined as a form of marketing and distribution in which the franchisor grants to an individual or company (the franchisee) the right to run a business selling a product or providing a service under the franchisor's business format and identified by the franchisor's trade mark or brand. Franchising is a comprehensive business relationship, not just a buyer-seller relationship. From a franchisor's point of view, social responsibility has several benefits for things such as brand awareness and increased market opportunities.

It is in this context, that this study evaluates how franchise-based firms implement Corporate Social Responsibility in their businesses. Subsequently, it also deals on how Corporate Social Responsibility programs are beneficial on the Local Franchise-based firm owner's part.

Statement of the Problem

This study aimed to determine the extent of implementation of Corporate Social Responsibility (CSR) practices of franchise-based firms in the city of Tuguegarao. Specifically, it sought to answer the following:

1. What is the profile of the owners of franchise-based firms in Tuguegarao City as to:
 - 1.1 age;
 - 1.2 gender;
 - 1.3 status; and
 - 1.4 educational attainment?
2. What is the profile of the business entity in terms of:
 - 2.1 nature of the business;
 - 2.2 years of operation; and
 - 2.3 capital budget allotted for CSR-related activities?
3. What is the participants' extent of implementation of Corporate Social Responsibility Practices of local franchise-based firms in the areas of:
 - 3.1 environmental;
 - 3.2 economic; and
 - 3.3 social?
4. Is there a significant difference on the participants' extent of implementation of Corporate Social Responsibility Practices when grouped according to profile variables?
5. What are the benefits derived by the participants from their Corporate Social Responsibility practices?
6. What are the problems encountered by the participants in the implementation of Corporate Social Responsibility practices?

METHODOLOGY

Research Design

The descriptive research design, specifically the descriptive survey method, was used in the study. It dealt on assessing the extent of implementation of Corporate Social Responsibility (CSR) practices of franchise-based firms in the city of Tuguegarao in the following areas: environment, social, and economic.

Participants of the Study

A total of thirty – five (35) owners and managers of franchise-based firms in Tuguegarao City were the participants of the study. Purposive random sampling was applied in selecting the participants of the study.

Instrumentation

Data were gathered using a survey questionnaire which was personally administered by the researcher to the participants of the study. The questionnaire which was subjected to further improvement and validation, consisted of the following parts: Part I elicited the participants' profile including age, gender, status and educational attainment; Part II elicited the franchise-based firms' profile including nature of the business, years of operation, and capital budget; Part III drew the extent of implementation of corporate social responsibility practices of franchise-based firms; Part IV dwelt on the benefits received by the firms as they implement CSR practice, and Part V tackled the problems encountered by franchise-based firms.

Data Gathering Procedures

Approval was sought from the Dean of the School of Accountancy and Business to allow the researchers to conduct the study. A letter of request and permission pertaining to the conduct of the study was given to the managers or owners of franchise-based firms.

Data Analysis

The following statistical tools were used to analyze the data gathered:

1. Frequency Count and Percentage Distribution. This was used to determine the profile of the participants and the business.
2. Weighted Mean. This was used to determine the extent of implementation of CSR practices franchise-based firms. The following Likert Scale was used to understand further the value of the weighted mean.

Scale	Descriptive Interpretation
4.20 – 5.00	Very Great Extent
3.40 – 4.00	Great Extent
2.60 – 3.25	Moderate Extent
1.80 – 2.49	Little Extent
1.00 – 1.74	Very Little Extent

3. T- test or Analysis of Variance (ANOVA). This was used to determine if there exists a significant difference on the participants’ perception on CSR practices of franchise-based firms when grouped according to profile variables.
4. Rank distribution. This was used to determine the benefits derived by the participants from their Corporate Social Responsibility practices and the problems encountered by the participants in the implementation of Corporate Social Responsibility practices.

RESULTS AND DISCUSSION

Profile of the Participants

Majority of the participants are female (54.30%), married (54.30%) and young (65.70%). All of the participants are college graduate.

Profile of the Franchise-based Firms

All of the franchise-based firms are corporations. Majority of these franchise-based firms are in the business industry for less than 10 years ((97.10%) and allotted capital budget for CSR practices amounting 50,000 pesos and below (88.60%).

Participants' extent of implementation on Corporate Social Responsibility Practices of Local Franchise-based firms

Results showed that the participants implemented environmental CSR practices to a great extent (2.85) and implemented to a moderate extent in the economic (2.41) and social (2.23) areas.

Significant difference on the participants' extent of implementation of Corporate Social Responsibility Practices when grouped according to profile variables

Age. There is no significant difference on the participants' extent of implementation of Corporate Social Responsibility when grouped according to age.

Gender. There is no significant difference on the participants' extent of implementation of Corporate Social Responsibility when grouped according to gender.

Civil Status. There is no significant difference on the participants' extent of implementation of Corporate Social Responsibility when grouped according to civil status.

Years of Operation. There is no significant difference on the participants' extent of implementation of Corporate Social Responsibility when grouped according to years of operation.

Capital Budget. There is a significant difference on the participants' extent of implementation of Corporate Social Responsibility when grouped according to Capital budget.

Benefits derived by the participants from their Corporate Social Responsibility practices

The primary benefits received in implementing CSR as perceived by the participants were customer awareness and loyalty in their business (91.43%) and their products were recognized and accepted (91.43%).

Problems encountered by the participants in the implementation of Corporate Social Responsibility practices

The top three primary problems encountered by participants when exercising their Corporate Social Responsibility practices are “Our firm lacks support from non-government institutions as it develops its Corporate Social Responsibility-based projects”(45.71%), “Our firm lacks time in the preparations of its Corporate Social Responsibility-based projects” (31.43%), “Our firm lacks cooperation among members in its movement to incorporate Corporate Social Responsibility in its every endeavor” (22.86%).

CONCLUSION

The following are the conclusions derived from the results of the study:

1. That the participants are young and fresh in the franchise business industry.
2. That the franchise-based firms comply with the government rules and regulations as their products guarantee safety and promote environmental stewardship. Using recyclable and eco-friendly materials, the firm lessens the pollution caused by potential wastes produced from the products they introduce to the market.
3. That the franchise-based firms make sure that they compete in the market by solely succeeding on the merits of the goods and services they give. Managers and owners contribute to the continuous improvement of the economy by following the Suggested Retail Price given by government agencies. Furthermore, these franchise-based firms offer products and

services at a fixed price thus exemplifying fairness with regards to business competition. This shows how the price of their products and services correspond to its quality.

4. That the franchise – based firms cater not only to customers’ needs but employees’ needs as well, they show how they value the workforce of their firm. The sense of appreciation and belongingness is given importance as they do things in favor of their employees. In return, the employees render excellent service in terms of customer satisfaction. The extent of implementation of the different corporate social responsibility practices of franchise-based firms depends upon the type of franchise being established.

RECOMMENDATIONS

Based on the findings and conclusion of the study, the following recommendations are drawn:

That the participants may pursue graduate studies and attendance to relevant trainings and seminars that will improve further their skills and to be more engage in implementing CSR practices.

Economic and Social CSR practices may be given more attention by the managers and owners of the firms in order to strengthen its implementation.

The managers and owners may continuously promote CSR practices to encourage other firms to practice the same.

The managers and owners may continue to consider the welfare of their employees as a part of their CSR practices.

The managers and owners may strengthen employees’ engagement in implementing CSR practices of the firm.

Government and Non-government institutions may support franchise-based firms in their CSR practices.

More recognition may be given to franchise-based firms with strong implementation of CSR practices in order to encourage them to do more for the upliftment of the society as a whole.

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