

# Environmental Stewardship towards Enhanced Corporate Social Responsibility among Selected Small and Medium Enterprises in Olongapo City, Philippines

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**Abstract**— Business operation is dependent natural resources in addition to human, physical and financial capital. Its economic activity must not degrade or destroy the natural environment. This research assessed the perception of entrepreneurs in their business operation to come up with a strategic intervention towards enhanced CSR. The descriptive-survey type of research was used and data were gathered through questionnaire-checklist, in-depth interview, observation and focus group discussion. The respondents were 65 purposively selected entrepreneurs who own small-medium enterprises. It was found out that there is a trade-off between a healthy environment on the one hand and healthy growth on the other. A common response is stricter environmental regulation, which often inhibits business growth and in which opportunities for business may be constrained. But this creates opportunities to become suppliers of ‘green consumers’, developers of environmentally safer materials and innovators of eco-efficient processes. These enterprises will generally have a competitive advantage. Their environmental stewardship earns the local community’s goodwill and in the long run, ensures profitability.

**Keywords**— corporate social responsibility, descriptive- survey, environmental stewardship, small and medium enterprises

## I. INTRODUCTION

The idea of business having certain responsibilities beyond profit making gained importance in 19th century. The later 1990’s have seen a massive growth of interest in environmental stewardship as corporate responsibility both among major corporations and across society. The modern business entrepreneur must be a strategist for human orientation to the development of man, environment and society [1].

Corporate social responsibility is a business ideology that causes ethical companies to adhere to requirements established by governmental regulations and informal public expectations. It is built on a set of guidelines that cover the business relationships with key stakeholder groups. Along with delivery of profit to the owners, the business must operate ethically with customers, employees, suppliers, communities and the physical and natural environment [2]-[4].

The European Union (2006) defines *corporate social responsibility (CSR)* 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”* [5].

The Triple Bottom Line Theory on CSR represents a very basic and simple view on the elements of CSR that creates sustainability. The model includes the three aspects that organizations need to consider and integrate in order to remain or become sustainable. [6] The theory behind the triple bottom line is that it is in the interests of a business to act as a steward of the environment, society and the economy.

The third aspect is environmental performance which correlates with a focus on the planet. This would for example be a focus on the long term implications of production in carbon dioxide, pollutants and energy use, etc. From a business point of view this might entail a focus on innovation in products that would put less strain on the environment.

Environmental Stewardship is founded on Corporate Social Responsibility (CSR) concept to describe *businesses’ integration of environmental issues into decisions, goals, and operations* [7].

Environmental stewardship can be defined as “the responsible use (including conservation) of natural resources in a way that takes full and balanced account of the interests of society, future generations, and other species, as well as of private needs, and accepts significant answerability to society” [8].

Although many environment issues are taking place in this global supply chain and small business operations, not much attention has been given to address these problems.

## II. OBJECTIVE OF THE STUDY

This study aims to assess environmental stewardship practices of small and medium enterprises as component of CSR. By going beyond corporate compliance, transparency, and accountability, companies that are equally involved in addressing social and environmental issues confronting business operations can be acknowledged. The desired output is to come up with strategic actions on environmental stewardship towards enhanced CSR

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Fig 1. Conceptual Paradigm of the Study

### III. METHODOLOGY

The descriptive-survey type of research was used and data were gathered through questionnaire-checklist, in-depth interview, observation and focus group discussion. The respondents were sixty-five (65) purposively selected entrepreneurs. Forty (40) of which own small enterprises whose capitalization is Php 3 million and below and twenty-five (25) operate medium enterprises whose capitalization is between Php 3 to 15 million. Only those who have been operating for 3 or more years have been considered as target respondents.

Analysis of data used the Percentage, Weighted Mean, and Analysis of Variance (ANOVA or F-test).

### IV. RESULTS AND DISCUSSION

#### A. Profile of the Respondents

Forty (40) or 62% of the respondents belong to age bracket 40 – 47 years and with Mean age of 44.58 years old. Thirty-nine (39) are female. Forty-three (43) or 66% are married. The mean age of engaging into business is 6.5 years.

#### B. Profile of the Small and Medium Enterprises

The Mean starting capital of the enterprises is Php 3.8 million. Majority or 73% of the enterprise have 3 – 5 employees. All are sole proprietorship type, specifically on retailing and wholesaling, merchandising, health spa, restaurant, and entertainment bars. The average monthly profit for the last five months prior the study is Php 32,000. All enterprises are registered with licenses to operate including

sanitation, health and environmental permit. The average energy consumption is Php 13,000 and the average water consumption is Php 3,200.

#### C. Environmental Stewardship Practices

Respondents “seldom” make substantive management commitments to sustainable development and improved environmental performance through company policies that emphasize pollution prevention, energy efficiency, and adherence to appropriate standards on waste management, environmental leadership, and public communications.

In terms of compliance assurance, respondents believe that they always implement innovative environmental auditing, assessment and improvement programs to identify and correct current and potential compliance problems. They always pass the environmental audit inspection of the Department of Environmental and Natural Resources (DENR) and Department of Trade and Industry (DTI). They seldom consider the physical environment in their continuous improvement of their business operations and as a measure of quality performance.

In terms of public communication and community extension, they “never” make available to the public information on the organization’s environmental performances and releases, as well as on the performance of its environmental management system voluntarily; and “never” provide avenues for receiving suggestions from and establishing dialogue with the public about the company’s environmental performance voluntarily.

TABLE I: ASSESSMENT ON ENABLING SYSTEM TOWARDS IMPROVED ENVIRONMENTAL PERFORMANCE

Enabling System towards Improved Environmental Performance	Overall Weighted Mean	
Promotes environmental protection through reduction of wasted materials and resources.	2.80	Seldom
Keeps up on the protection of the environment and expected standards from environmental groups.	3.65	Sometimes
Uses more energy-efficient appliances (e.g., light bulbs or vehicles).	3.87	Sometimes
Reduces consumption of energy, water and other natural resources, plastics and Styrofoam; and the emissions of hazardous substances.	3.11	Seldom
Uses or produces recycled and recyclable materials, increase the durability of products, and minimize packaging through effective design (“reduce, reuse and recycle”).	3.21	Seldom

The business “seldom” makes investments in local environmental infrastructure, health, education, and improving public environmental awareness. They “sometimes” join and initiate community projects like water clean –up drive and tree planting. They promote and stimulate sustainable development and playing a leading role in preserving and enhancing the physical environment in the community to a moderate extent.

Due to the degradation of the environment over the centuries, organizations with the best interest of the environment have become more vocal about the needs and

wants of the environment. There is a need to look at businesses' real responsibility towards community and environment. Businesses should realize that their operations should not degrade the environment and similarly, it should not adversely impact the conditions of the community. In other words, businesses should not cause damage to both the community and to the environment; and then CSR to undo the damage.

In other countries CSR are more related to environment protection or promotion of large social initiatives. Kleinaite (2007) said that CSR is described as company ideology, policy and practice, reflecting such company behavior when companies at their free will include social and environment issues into their activities and keep to valuable principles of respect to man, society and nature in their relations with all interested representatives of the society, business and authorities [9].

Nowadays firms have started using CSR as a strategy to focus on new opportunities and respond to interrelated economic, societal and environmental demands in the marketplace. Many firms believe that this focus provides a clear competitive advantage and stimulates corporate innovation and creativity. Many business organizations had started realizing the importance of environmental protection, as they are directly or indirectly contributing towards environmental protection. They are involved in several initiatives that help to protect the environment including greenhouse gas reduction, renewable energy and noise reduction, recycling and using alternative fuels in its own transportation fleet.

#### *D. Variations in the Assessments of Environmental Stewardship Practices when Grouped According to the Profiles of Small and Medium Enterprises*

There are significant variations on the assessments of environmental stewardship practices when grouped by capitalization, type of business enterprise and average monthly profit with computed F-values of 3.45, 2.87 and 3.79 and whose P-values are significant. Thus, the null hypothesis was rejected. Analysis of responses showed that different types of business exhibit different practices. In particular, small businesses have fewer mechanisms in protecting the environment compared to medium enterprises.

#### V. CONCLUSIONS

Not all businesses engage in active stewardship. Some perform activities that have a minimal impact on the environment, while others focus on different areas of corporate responsibility. Practicing stewardship can help a business find sustainable practices, improve its reputation among consumers and even save money.

A common response is stricter environmental regulation, which often inhibits business growth and in which opportunities for business may be constrained. Their environmental stewardship earns the local community's goodwill and in the long run, ensures profitability.

The following initiatives must be integrated in business operation: carbon offsetting, energy conservation, water conservation, proper waste management (applying the principle

of reuse, reduce and recycle), environmental accreditation and assurance, promote public communication and awareness, participate in community project for environmental-cause, among others.

A strategic environmental action plan was designed based on the findings of the study to be proposed as a basis for enhanced CSR program of the different enterprises.

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