

Strategizing Corporate Social Responsibility (CSR) through Education and Training

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Introduction: Investment in human capital

A large part of educational services must consist of the development of human and labor resources. This is called investment in human capital because in an economic sense it is very much the same as investing in machines, buildings and other material capital. We need additional product output to more than repay the new investment costs. Similarly, it pays an individual to invest in human capital—additional education—because the increase in education can increase the earning power of the person being educated by more than the cost of additional education.

Investing in human capital is easier said than done. For someone who has the financial and intellectual capabilities to invest, with the end in view of making money out of his investment, such investment can be a worthwhile move. In contrast, to somebody who is poor and consequently, uneducated, this kind of investment will not be a wise decision. But if he is supported by a generous donor, the poor who has potentials can make a difference. The donor may be a philanthropic individual or corporation who is willing to share part of his profit to support the needy and marginalized sector of our society.

Corporate Social Responsibility defined

Corporations are now viewed as integral parts of society. Their role is to help society develop. Society, in turn, insures to a great extent the long-term viability of corporations. The values, visions and strategic objectives of corporations should be compatible with those of society and

the community. Hence, there must be congruence in purpose between and among these entities, not to mention the interests of stakeholders. This in simple terms is the essence of corporate philanthropy or corporate social responsibility.

Corporate social responsibility is an organization's obligation to be accountable to all its stakeholders in all its operations and activities with the aim of achieving sustainable development not only in the economic but also in the social and environmental dimensions. It aligns business operations with social values. CSR integrates the interests of stakeholders—all those affected by a company's conduct—into the company's business policies and actions. It also focuses on the social, environmental and financial success of a corporation (Sibal and Tolentino 2006, 110).

Corporate social responsibility embraces two main concepts—accountability and transparency. Today, stakeholders expect companies to perform well in non-financial areas that involve education, human rights, business ethics, environmental policies, corporate contributions, community development, corporate governance, diversity, and workplace issues. Social responsibility and environmental performance should be treated side by side with financial sustainability.

Social responsibility is management's obligation to make choices and take actions on what will contribute to the welfare and interests of society as well as the organization. This exercise is very important to business organizations. The recognition of this exercise can be gauged in part by the extent of government action and legislation on such matters as, for example, provision of basic education, employment protection, equal opportunities, company acts, consumer law and safeguarding the environment. Some of these issues have been formalized into legal requirements.

Shown in Figure 1 is a diagrammatic presentation of CSR's role in organizations as well as society in general: (Carrol 1991, 23).

CSR as construed in the Philippines

Newsbreak conducted a survey between July and early October, 2007 of local and multinational large-scale companies and asked them 11 questions with triple-choice responses and ranking options. Of 104 companies

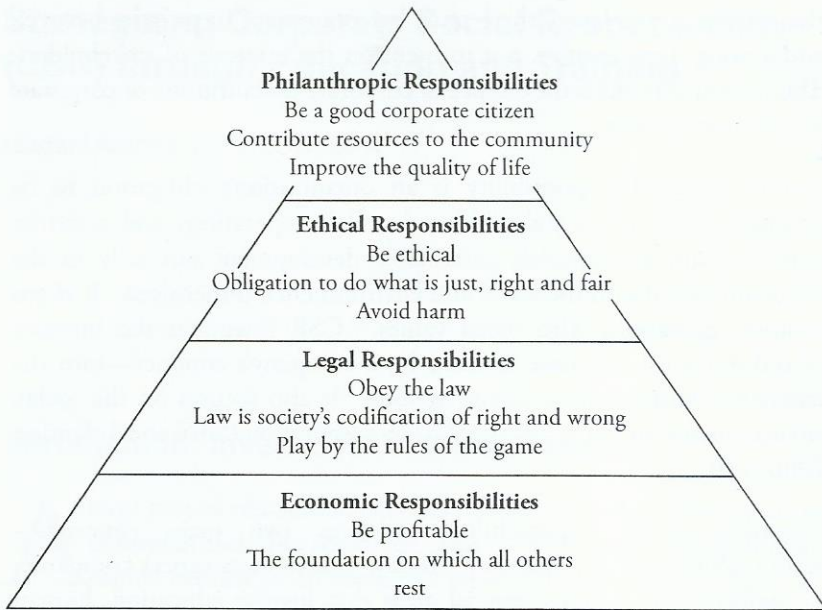


Figure 1. The Pyramid of Corporate Social Responsibility

surveyed, 54 responded. The questions were formulated to determine if CSR is embedded in the company's structure and leadership, funding and logistics, and reporting and assessment. Follow-up interviews were conducted.

The survey found that: (1) In most of the companies, the CEO initiates CSR programs; (2) The entry point for CSR practice is concentrated on two (2) aspects, community work and PR; (3) Seeing other functional groups get involved in embedding CSR strategy into company plans and in the implementation of products and services is rare; (4) Most companies leave the CSR implementation to the corporate foundation, while half say they let the public relations or corporate communications group take the lead; and (5) Next to the community, employees are the stakeholders that the companies target for their CSR. Investors are low priority.

According to the 2007 Philippine CSR report, the business sector poured P19 billion to social development programs in the last ten years. Of this, forty-six percent (46%) went to human services development, specifically on education and training; twenty-seven percent (27%) to livelihood and

employment; and twenty-five (25%) to environment (Rimando 2008, 11)

The survey found that many Filipino executives are aware of and are convinced of the importance of the CSR programs but are in the dark as how to go about it, and how and where to place it in the organization.

But no less than Philippine president Gloria Macapagal Arroyo acknowledged the importance of corporate social responsibility in a speech at the 2002 CSR Forum: “The philosophy behind corporate citizenship is the belief that people are more than consumers, more than laborers, more than hired help. Corporate citizenship acknowledges that we all belong to one society and that we are all responsible for the well-being of one another, beyond business and beyond politics. It recognizes the special role of institutions such as business corporations in being responsible for the welfare of people beyond their role, the role of the people as consumers and employees.”

Inculcating CSR among university students

Universities offer business or human relations courses, in the undergraduate, graduate and post-graduate levels.

Sometime in 2007, 130 students of the Asian Institute of Management (AIM) tackled corporate social responsibility through simulations involving, among others, ways to preserve the ecosystem in a fictitious mining company located in a small island in Southern Philippines, improve the lives of its 350,000 residents, and ward off unwanted attention from rebel groups and corrupt officials. The discussion—which invited graduate students working in the government, business and NGOs—is AIM’s most recent attempt to teach corporate social responsibility in an engaging manner. It was the highlight of a 34-hour course “CSR in Asia” (Dayao 2008, 44).

At the Ateneo de Manila Graduate School of Business, CSR is not offered as a separate course but is captured in Business Ethics where students are encouraged not just to comply with laws but to make choices according to a set of values. CSR is taught in the context of nation building, according to Dr. Albert Buenviaje, dean of the graduate school (Dayao 2008, 44).

At the School of Business of the De La Salle Professional School, Inc., ethics also serves as a takeoff to introduce to graduate and post-graduate students the concept of CSR. MBA students are required to take a subject on "Ethics, Career and Family Life" while those under the doctoral program are required to take such subjects as "Business Ethics and Corporate Social Responsibility" and "Sustainable Business." The interweaving of CSR content in all graduate courses, according to Associate Dean Ben Teehankee, is "a work in progress" (Dayao 2008, 45).

The University of the Philippines School of Labor and Industrial Relation (SOLAIR), the only school of labor in a state university in Asia, offers at least three (3) subjects touching on CSR in its Master in Industrial Relations (MIR) program. These are IR 216 (Special Problems in HRD), IR 204 (HRD at the National Level) and IR 202 (Organization and Work). All of these subjects tackle in part how business organizations involve themselves in the promotion of education and training through their CSR programs.

At the University of Asia and the Pacific School of Management, students learn about CSR at the undergraduate level where third year students are required to take a three-unit subject titled "Introduction to People Development—Corporate Social Responsibility" just before they decide on what to focus in their master's program.

Other schools will soon join the fray. By next school year, colleges and universities all over the country will be required to include a three-unit subject on "CSR and Governance" in the curriculum of undergraduate students.

Business corporations' involvement in education and training

Many corporations which are members of the League of Corporate Foundations are actively involved in education and training. Some of the most notable are Petron Foundation, Meralco Foundation (now MFI Foundation) and Union Bank Foundation.

Petron Foundation's advocacy is to help secure the future of impoverished school children in public elementary schools by extending financial and other forms of assistance. Meralco Foundation (now MFI Foundation,

Inc.) promotes technical and vocational education for out-of-school youth and young people who are interested to develop skills for future employment. The Union Bank Foundation has published a story book to inculcate patriotism and love of country among Grade 2 pupils at first but eventually widening its reach.

PETRON FOUNDATION. In sharing the gift of education, Petron Foundation is able to fuel hope for children from marginalized families. Through CSR advocacy, it hopes to become a catalyst for meaningful and long-term changes in society. It pursues this by helping secure the future of Filipino children through education.

In 2002, Petron sealed up its social development efforts for the youth when it shifted from providing college scholarships to enabling elementary-aged children to attend and complete primary school. Studies from both the Department Social Welfare and Development and the Department of Education show that an alarming number of out-of-school children began school but failed to finish due mainly to poverty. Poverty is largely driven by lack of education and the inaccessibility of education to a large portion of society. If children from impoverished families were just given the opportunity to learn, read, write, think, formulate ideas, and ultimately dream, then there is hope for the future generation. This is why, according to Petron Foundation Executive Director Malu Erni, education is their key initiative (Philippine Daily Inquirer 2005, F8).

Initiated in 2002, Petron's Tulong Aral program has since put thousands of impoverished children to 80 public elementary schools. The first batch of graduates has shown that, given a chance, they can make their benefactors proud in exchange for the gift of education. Of the initial batch of Petron scholars, 329 have been recognized as outstanding students while 42 received medals as honor students (Educator 2008).

The program has forged partnerships with other organizations to broaden its impact. Mirant Philippines Foundation has been sending children to school in its partner communities in Western Visayas using the Tulong Aral program as its model. Ronald McDonald House of Charities has piloted its Bright Minds Read program to some public elementary schools taking part at the Tulong Aral ng Petron program.

The first batch of Petron elementary scholars graduated in 2008, many of them with top honors. The dreams of some 1,137 students under

the program finally turned into reality with the successful partnership between Petron and the Department of Education through the Adopt-A-School Program.

MERALCO FOUNDATION. Mention Meralco Foundation (now MFI Foundation, Inc.) and technical and vocational education easily comes to mind. The Foundation, through its operating center, MFI Technological Institute (formerly Meralco Foundation Institute), spearheads education, training and research and development in the technical field. It has been at the forefront of providing quality technical-vocational education for Filipinos, especially for the less privileged. A certificate from MFI is considered the standard and, more importantly, a guarantee for employment here and abroad.

The Industrial Technician Program ((ITP) is the flagship program of the Foundation. It is an alternative for individuals and students who desire to fast-track their way to having a career. It offers a 3-year post secondary program, non-degree technical courses in Electrical, Electronics, Instrumentation, and Tool and Die (Mechanical) technologies, as well as a 2-year program on Information Technology.

One of its most successful programs is Educational Technology. It is a 3-month intensive program implemented in collaboration with the Consuelo Foundation and funding from the World Bank, the International Youth Foundation, and Lucent Technologies. The program provides disadvantaged youth with marketable demand-driven skills by giving partner institutions the technical capability to handle and manage an integrated education for out-of-school youth (Educator 2008, 22).

In 2002 alone, the program benefited four hundred seventy (470) out-of-school youth nationwide, most of whom are now either self-employed or gainfully employed in various establishments. Another educational program of the Foundation is the well-acclaimed Family Farm School in Bais City, Negros Occidental. This school provides a 3-year Special Secondary Agriculture and Technology curriculum, benefiting scholars from families of farmers and fisher folk in the area (Educator 2008, 22).

Other successful and demand-driven technical-vocational courses offered by the Foundation include people and enterprise development, automotive technology, and refrigeration and air conditioning technology.

UNION BANK FOUNDATION. Corporate Social Responsibility has stepped up efforts for Philippine education such that in the past few years billions of pesos in contributions from the private sector have poured for the DepEd and its 42,000 public elementary and secondary schools throughout the country.

Of course, a lot of these CSR contributions for education are earmarked for hardware—to build school buildings, to purchase computers, among others. Seldom do we encounter corporate giving in software which is much more difficult to implement. Program development has a lot of hidden costs and requires a lot of expertise. As such, many donors prefer to invest in building construction or computer donation projects which require nothing more from the donor than the price of admission. Today, success is measured in terms of quantitative results such as number of buildings constructed or number of computers given.

Union Bank has recently come up with its *As A Filipino* project. The project, anchored on the especially-commissioned story book with the same title, aims to provide public elementary schools with a learning that helps develop the reading skills of young learners and inculcate in them time-honored Filipino values.

Launched in 2006, the project was started in Grade 2 classes in all public elementary schools in Metro Manila during the entire third quarter of school year 2007-2008. After this initial implementation, Union Bank provided copies of the book to all Grade 2 pupils nationwide, making it one of the most significant private sector contributions to Philippine public schools.

“Even as far back as 1993, we wanted to contribute to the task of improving society and the lives of Filipinos,” said CSR Executive Director Maria Gonzalez-Goolsby who is behind the book project (Valarao 2008, 9).

“Tito (referring to Justo Ortiz, Chairman and CEO of Union Bank) and I were perturbed by the pervasive graft and corruption, the lack of discipline, the disregard for law and common standard of civility and the seeming unawareness of right and wrong,” Goolsby explained (Valarao 2008, 9).

With the active participation of their chairman and with the support of many others eager to see such a laudable project come to fruition,

Goolsby persistently moved to create what could be the definitive tool for teaching Filipino values to young Filipinos.

“We wanted a book that would do more than just teach reading...We wanted something more that...can make young learners understand such abstract concepts as values and good citizenship,” Goolsby noted (Valarao 2008, 10).

Enamored by the amiable proponent, even printers and employees of Union Bank became As A Filipino advocates. It was a lesson in community involvement in education. It was propagation of corporate social responsibility at its finest.

Other corporate foundations involved in the promotion of quality education and training are Ayala Foundation (Gilas), Coca-Cola Foundation (Little Red Schoolhouse), Lopez Group (Knowledge Channel), McDonald’s House of Charities (Bright Minds Read) and Metrobank Foundation (Search for Outstanding Teachers).

Conclusion

Corporate social responsibility has become a significant feature of business practices in the global economy. While a good number of organizations in advanced economies adopt CSR as a core business strategy because it could lead to benefits such as attracting qualified and motivated human capital, ensure good relation with investors, and creating good corporate image. These companies are forced to act in socially responsible manner due to pressure from the media, NGOs, consumers and similar groups. These stakeholders, whose interests should be taken into account in decision-making process of a company, simply have the power to influence the financial performance of a company.

In developing countries like the Philippines, even though stakeholders have similar interests in companies, their power is not strong enough to influence corporate organizations into integrating CSR principles in conducting business. Moreover, even if companies recognize their role, their interests are not taken into account. There are still companies that do business to maximize profit for shareholders.

As mentioned, corporate social responsibility is committed to the just and sustainable development of communities. Education as a significant

and vital instrument for social, political and economic development remains to be a primary aspect of corporate social responsibility. In the Philippines the Constitution (Article XIV, Section 1) explicitly mandates that “the State shall protect and promote the right of all citizens to quality education at all levels and take appropriate steps to make such education accessible to all” (Munoz 2002, 120). Consequently, companies must engage dynamically in education and training as a CSR strategy. In the words of UNESCO-UNEVOC International Centre, education and training within and through the workplace is the “master key that can alleviate poverty, promote peace, conserve the environment, improve the quality of life for all and help achieve sustainable development.”

The need to improve the current situation of education in the Philippines through CSR is imperative with the following considerations: first, to urge consumers and civil society groups to take an active role in pressuring companies to pursue more responsible business practices; second, to raise common understanding on CSR by educating corporate stakeholders on its importance to their interests and their company’s success; and finally, to improve transparency in doing business in the country.

Hence, business leaders must understand that they serve and are supported by the community which is composed of a broad spectrum of stakeholders. Failure to take a measured position may in the end be detrimental to long-term business success and profitability. In many cases, sustainable approaches may stimulate cost savings or more profit if considered within a wider vision and simply by just considering total cost.

Notes

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