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DETERMINANTS OF FACTORS INFLUENCING SOCIAL RESPONSIBILITY PERFORMANCE IN BUSINESSES OF MARAWI CITY

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Abstract:

Along with the rising number of business enterprises, there is also a growing importance of social responsibility among businesses. However, there is a lack of visible CSR (Corporate Social Responsibility) initiative being implemented among the local business enterprises despite the known importance of CSR to a company's reputation and its impact to overall business success. Hence, this research sought to determine the various factors influencing social responsibility in businesses of Marawi City. This particularly includes the business profile, the level of understanding, the drivers and barriers, as well as the significant relationship of these factors with CSR initiatives. For this purpose, this study adopted quantitative-correlational type of research. Data was collected through a questionnaire from a 246 sample of businesses from different sectors in Marawi City. The data gathered was analysed using various statistical tools. The results of the study indicate that CSR activities are prevalent despite the fact that the majority of the firms operating within the city have a low net income. It was found that the firms' ability to participate in more CSR efforts were relevantly limited by lack of financial resources. The findings of this study also suggests that the belief that CSR is a form of charity is the most significant factor that drives the performance of CSR initiatives. The results of this study not only offer a deeper understanding of the factors affecting CSR implementation, but also proposes an Islamic CSR Framework that is in accordance with the practices valued by Muslim Maranao entrepreneurs.

Keywords:

Marawi Social Responsibility, Islamic CSR, CSR Factors

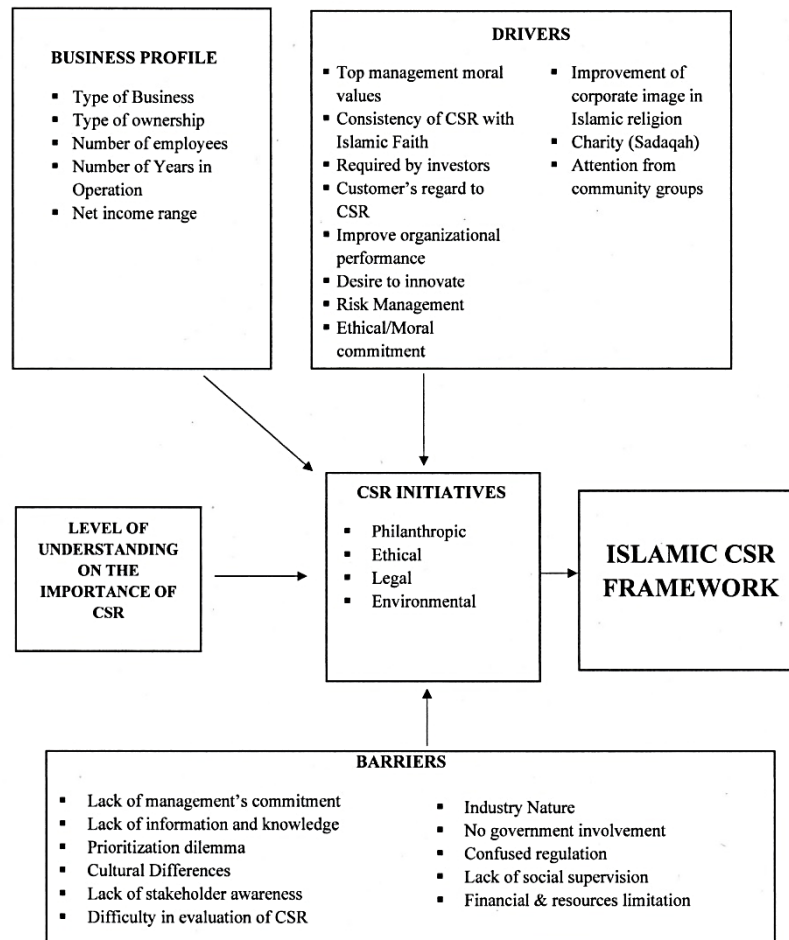
Introduction

Philanthropy, or the altruistic concern for human welfare and development, is something that Filipinos do naturally. Bayanihan among the Filipinos is amply demonstrated by the mutual respect and aid that is shown to one another. Because it is in their nature, Filipino businesses naturally assist other people and enterprises. The fact that there appears to be a natural junction between philanthropy and the practice of business is one of the things the business community in the Philippines can be proud of.

These collective CSR efforts demonstrated on bigger cities in the Philippines is also needed in a lesser developed city like that of Marawi. The Islamic City of Marawi, is a 4th class component city and capital of the province of Lanao del Sur, Philippines. The people of Marawi—the Maranaos, is one of the largest Islamic groups in the Philippines. With Marawi's exquisite food, wood crafts and textiles, Marawi City is definitely the centre of commerce in Lanao del Sur. Before the siege, it was renowned for its soaring mosques, rows of substantial concrete homes, cultural and art institutions, and bustling commercial districts.

On May 23, 2017, the city suffered massive urban gunfight which has exacerbated the socio-economic conditions in the conflict-affected areas. Numerous communities were evacuated during the five-month siege of Marawi. In the immediate aftermath of the crisis, poverty is anticipated to rise in Lanao del Sur due to the region's declining economy, rising unemployment, and rising food costs during the initial emergency assistance phase. According to Asia Development Bank (ADB) simulations of the conflict's effects on poverty on 2018, the number of people living below the poverty line could rise by about 150,000 as a result of the severity of the damage in Marawi, the destruction of public services and infrastructure, and the high proportion of families who were already at risk of poverty before the conflict. The Marawi's poor economic conditions at that time could not be alleviated solely by relying on the charitable efforts of its private citizens. This has further emphasized the need for businesses to practice CSR activities.

Corporate Social Responsibility concepts are very much consistent with Islamic principle of personal responsibility. According to this principle, every Muslim is responsible to his Creator for his own actions as well as those of others for whom he may be responsible and for things over which he has control. Hence, the concept of "And do not bear the burden of the burden of another, and not to inherit the guilt" is a significant teaching in Islam that emphasizes individual responsibility and accountability for one's own actions (Kenzy, 2023). Islam brought about a social revolution in the environment in which it was originally revealed because it is based on morality and responsibility on both an individual and community level. The Qur'an uses words like equality, justice, fairness, brotherhood, kindness, compassion, solidarity, and freedom of choice to describe collective morality which are very much present in the principles pushed in corporate social responsibility. Hence, the consistency of these Islamic concepts with corporate social responsibility presented the possibility for this research to develop an Islamic social responsibility framework that mirrors closely the values practiced by Maranao entrepreneurs.

Figure 1: Conceptual Framework of the Study

The conceptual framework shown in Figure 1 illustrates the operationalization of the variables used in this study. The independent variables considered are the respondent's business profile, owner's level of understanding in the importance of CSR in terms of Western and Islamic perspective, and lastly the drivers and barriers in the implementation of social responsibility initiatives. These independent variables were hypothesized and correlated with the dependent variable which is the CSR initiatives adopted by these businesses.

The study revolved around a baseline approach or overview of how socially responsible Marawi business enterprises are. In the beginning of this framework are the business owners whose business profiles were explored. This data is significant since business owners not only provide resources and plan incentives for employees to promote sustainability initiatives but also strongly influence organizational culture and company-wide decision-making processes through their commitment and leadership. The profiles of the business enterprises provided initial insights on the company's ability to conduct CSR initiatives. It was primarily hypothesized in this study that the extent of involvement in CSR initiatives have to do with businesses' type of industry, the type of ownership, company size as to number of employees, the number of years in operation, and the level of net income.

Following the business profile, this study delved into the business owner's level of understanding on the importance of CSR in both Western and Islamic perspective. It is

imperative for any business owner to possess and maintain a certain level of knowledge on areas, where development is highly needed. The social responsibility area has to be one of those areas that need attention especially in the subject locale of this study. A low level of understanding on CSR concepts can be indicative of low-level performance of CSR initiatives. Hence in this research, in order to develop CSR framework that can help Marawi business owners to excel in social responsibility, business owner's level of understanding of CSR in both Western and Islamic concepts was examined. This part of the research also aimed to fill the gap that may be existing between the two concepts pinning for a possible integration of these concepts into a single Islamic CSR framework that is practical among Marawi City business enterprises.

This study also determined the possible drivers of CSR initiatives among Marawi City business enterprises in an attempt to establish a relationship between the drivers identified and the level of CSR involvement of Marawi City business enterprises. The drivers of CSR initiatives that were identified in this part of research are one of the key considerations or determinants why business owners should engage and continually engage in CSR initiatives. Definitely, understanding the motivations behind the adoption of CSR initiatives is necessary in developing an Islamic CSR framework that is practical and sustainable.

This study likewise delved into the possible barriers or hindrances faced in the implementation of CSR initiatives. In this study, the reason for the lack of visible CSR initiatives or low engagement to CSR initiatives among Marawi City business enterprises can be explained by the mere presence of the identified barriers in the adoption of CSR. For business owners to overcome these barriers, it is crucial to identify them first. Overcoming these barriers will enable Marawi business owners to adopt more CSR initiatives that are beneficial not only to themselves but also to their surrounding community as a whole. The determined business profiles, drivers, barriers, and their relationships with adopted CSR initiatives became the basis for the development of CSR Framework for Marawi business enterprises that mirrors the Islamic core values and teachings, and is consistent with Islamic principles of Maqasid Al-Shariah.

This study is focused on specific industries commonly engaged into by business owners in Marawi City such as general merchandise, restaurants, hardware, and construction. Since this study used a probability sampling technique, it may not be able to represent some specific industries in the total population. The CSR framework that was developed at the end of this research may not be generally applicable to business organizations due to cultural and religious differences.

The advent of strengthening socio-economic relationship between the Marawi business owners and their community, and the growing desire for sustainability underscores the need to pursue this study. Further, the identification of the possible barriers and hindrances in the adoption of CSR will enable businesses and individuals conscientious of the influence they have on their surroundings and with the advantage of reaping the various benefits of CSR.

The main objective of this study is to establish a baseline to the CSR performance of these enterprises such as their business profiles, extent of CSR implementation, including investigation of factors such as the CSR drivers and barriers, as well as the investigation of the significance of relationship between these factors and the adopted CSR initiatives.

More specifically, this research aimed to answer the following questions: First, what is the profile of the business enterprises in Marawi City in terms of type of business, type of ownership, number of employees, number of years in operation, and net income range? Second, to what extent do the business enterprises in Marawi City understand about the importance of CSR in terms of Western and Islamic Concept of CSR? Third, what is the extent of the business enterprises' involvement along the different types of CSR initiatives? Fourth, what are the top drivers and barriers of CSR performance in Marawi City business enterprises? Fifth, is there any relationship between the drivers and barriers and the performance of CSR initiatives?

Literature Review

Corporate social responsibility (CSR) nevertheless is a popular trend in mainstream businesses such as finance and marketing, as well as academia, due to their shared desire to promote a more sustainable and better world. As Reckmann (2022) stated, "corporate social responsibility, or CSR, is a form of self-regulation that reflects a business's accountability and commitment to contributing to the well-being of communities and society through various environmental and social measures". It was not until the early 1950s that the idea of specifically defining those responsibilities was first addressed in the literature, and this can be seen as the beginning of the modern definitional construct of Corporate Social Responsibility. As cited in Latapi (2019), Bowen (1953) defined those responsibilities, explaining that the social responsibility of business executives was to make decisions based on societal values.

The Philippine House of Representatives approved on second reading House Bill 9061, principally authored by former President Gloria Macapagal-Arroyo, which seeks to encourage all business organizations established and operating under Philippine laws, whether domestic or foreign, to observe corporate social responsibility in the operation of their businesses in the country (Press and Public Affairs Bureau, 2019). According to Speaker Arroyo, many firms and other commercial corporations, in particular, have demonstrated very little concern for the welfare of society, to the neighbourhood in which they operate, and to the surrounding natural environment. The Bill "Corporate Social Responsibility Act," emphasized the State's acknowledgement of the private sector's crucial contribution to nation-building, and its encouragement of its active involvement in promoting economic development and environmental protection in the nation.

Corporate Social Responsibility has become a very significant factor in doing business that it cannot be undermined as many of the customers today including the general public considers a company's CSR in their assessment of loyalty and patronage to a certain company. Any business organizations with a goal of achieving high profit and sustainability must carefully consider how to connect their CSR activities with what the public and customers expect from their business (Roma, et.al, 2023).

The Securities and Exchange Commission (SEC) issued SEC Memorandum Circular No. 4 on February 15, 2019 pertaining to Sustainability Reporting Guidelines for Publicly Listed Companies, to promote sustainability reporting and make it relevant for Philippine publicly-listed companies (PLCs). According to SEC, companies have come under more scrutiny recently for their disclosure and transparency practices, not just with regard to financial considerations but also with regard to non-financial and sustainability issues. Companies' stakeholders now give greater attention to how businesses impact the economy, environment and society and the way corporations respond to sustainability challenges, in addition to financial challenges, determines their long-term viability and competitiveness.

Forms of Corporate Social Responsibility

Stobierski (2022) wrote on his article in Harvard Business School Online four traditional categories of CSR—environmental, philanthropic, ethical, and economic responsibility described as follows:

Environmental Responsibility

Environmental responsibility is the belief that organizations should act in the most environmentally friendly manner possible. It is one of the most prevalent types of corporate social responsibility. Such initiatives are sometimes referred to as "environmental stewardship" by some businesses.

Ethical Responsibility

The goal of ethical responsibility is to ensure that an organization operates in a fair and ethical manner. Organizations that embrace ethical responsibility strive to be ethical by treating all stakeholders fairly, including leadership, investors, employees, suppliers, and customers.

Philanthropic Responsibility

Philanthropic responsibility refers to a company's desire to actively improve the world and society. Organizations driven by philanthropic responsibility frequently donate a portion of their earnings in addition to acting as ethically and environmentally friendly as possible. While many businesses donate to charities and nonprofits that align with their guiding missions, others donate to deserving causes that have nothing to do with their business. Others go so far as to establish their own charitable trust or organization in order to give back and positively impact society. Philanthropic responsibilities include being fair and avoiding harm, being a good corporate citizen, incorporating ethical responsibilities into business decisions, and doing the right thing (Pinto & Allui, 2020).

Economic Responsibility

Economic responsibility is the practice of a company backing all of its financial decisions with a commitment to do good in the above-mentioned areas. The ultimate goal is not simply to maximize profits, but to ensure that business operations have a positive impact on the environment, people, and society.

Corporate Social Responsibility in Islam

As cited by Litardi, et.al, (2019), despite it is true that there is nothing in the Islamic faith or law that dictates that corporations should be "socially responsible" in those terms, if CSR means conducting your business while preserving the environment, treating your workers well, being fair to your competitors and honest in your dealings, caring about the society and its less fortunate members, and looking after stakeholders' interests without undermining those of the shareholders, then the notion of CSR lies at the very heart of the Islamic faith and law.

Faliza, et.al (2019) conducted a theoretical review on Corporate Social Responsibility in Islamic and Conventional View and had presented the following summary on Islamic Perspective on CSR Practice.

Table 1: Islamic Perspectives on CSR

Western Guidelines to CSR Practice	The Selected Corresponding Verses Quran and Hadith
1. Human Rights	a. Allah said, "I have made oppression unlawful for myself and for you, so do not commit oppression against one another" Sahih Muslim, vol.3, hadith no. 6254
Dimension	b. Help your brother whether he is the oppressor or the oppressed. If he is an oppressor, prevent him from doing it, for that will be helping him, and if he is oppressed, he should be helped (against the oppressor)" Sahih Muslim, vol.3, hadith no.6246
2. Human Resource	a. "Your employees are your brethren over whom Allah has given you authority. So, if one of you has his brother under his control, you should feed him with the like of what you eat and clothe him with the like of what you wear. You should not overburden him with what he cannot bear, and if you do so, help him in his job". Sahih Muslim vol.3, hadith no. 4093
Dimension	b. Allah Subhanahu Wata'ala says, "I will be an opponent to three persons on the Day of judgment: one who make a covenant in My name but proves treacherous; one who sells a free person (as a slave) and consumes the price; and one who employs a laborer and receives his full labor but does not pay his wages". Sahih Bukhari, vol.3, hadith no. 2.
3. Environmental	a. And when he turns away, he strives throughout the land to cause destruction therein and destroy crops and animals. And Allah does not like mischievous acts" (Al-Qur'an 2:205).
Dimension	b. And do no mischief on the earth after it has been set in order, but call on Him with fear and aspiration. Indeed, the mercy of Allah is near to the doers of good" (Al-Qur'an 7:56)
4. Philanthropic	a. "And fear Allah as much as you can, listen and obey; and spend in charity for the benefit of your own souls. And those saved from the covetousness of their own souls, they are the ones who achieve prosperity" (Al-Quran 64:16)
Dimension	b. "Every Muslim must pay sadaqah (charity)." A companion asked, "What about someone who has nothing to give?" The Prophet replied, "Then let him do something with his two hands and benefit himself. That will be charity." A companion asked, "But what if he cannot do that?" The Prophet replied, "Then he can help someone who is needy." They asked, "What if he cannot do even that?" The Prophet replied, "Then he should enjoin them doing of good." Still again they asked, "But what if he cannot do that?"

In an interview conducted with scholars and experts in Islamic law and CSR revealed several Islamic principles that integrally support CSR practices according to Setiawan (2023). These guidelines offer companies a fundamental ethical framework in addition to being consistent with contemporary CSR ideas.: First, Tawhid (Oneness): The unity of all creation is emphasized by the Tawhid principle. This all-encompassing viewpoint encourages sustainable behaviors that are advantageous to society and the environment by fostering harmony between humans and the natural world. Second, Khilafah (Stewardship): Islam holds that people have been given the responsibility of caring for the Earth as stewards. In line with the environmental pillar of corporate social responsibility, this duty includes the preservation of biodiversity, the sustainable use of resources, and the avoidance of environmental harm. Third, Adl (Justice) and Ihsan (Benevolence): Companies are urged to conduct themselves in a just, equitable, and charitable manner. This is in line with the CSR's social responsibility component, which calls for companies to behave morally and take all stakeholders' interests into account. Fourth, Zakat (Almsgiving) and Sadaqah (Voluntary Charity): These wealth redistribution mechanisms underscore the business's economic obligation to promote community development and assist the less fortunate.

Drivers and Barriers in the Implementation of CSR

The adoption of CSR is a difficult process since it necessitates significant adjustments to corporate structures, practices, and employee behaviour. It is influenced by sociopolitical forces, which are reinforced by linking macro-level, sociopolitical, and organizational implications of CSR. The adoption of CSR may be aided or hindered by the organizational culture. For instance, managers may favour investing time and resources in procedures and activities that lead to competitive advantage in an organizational culture that values competition (Pinto, et.al 2000). Zhang, et.al (2019) on the other hand identified three main types of drivers and their attributes. For instance, mandatory policies, regulations, guidance, requirements, or initiatives of local governments form the policy pressure to drive the construction enterprises to implement CSR practices.

While Pinto, et.al (2020) on his study on critical drivers and barriers in Saudi Arabia Organizations identified 11 drivers of CSR which include the following: requirements from high management, requirements from investors, requirements from customers, improve organizational performance, need for innovation, risk management, moral commitment and improvement of corporate image, attention from community groups, Islamic requirement, and lastly, philanthropy. According to the same study, lack of management commitment and lack of investors interests were the main barriers found which go against the findings of earlier research, which claimed that suppliers are the main obstacle since they are not ready for CSR due to the existence of many suppliers for CSR control

On the other hand, in a thorough literature review, expert interviews, and a questionnaire survey were used by Aloitabi et al. (2019), the researchers were able to identify seven barriers to CSR in KSA. These barriers were: increased costs, a lack of awareness and knowledge, a lack of guidelines and a coherent strategy, a lack of stakeholder communication, a lack of law enforcement, a lack of training, and unclear project requirements.

On the basis of the literature, there are varying factors that can influence the implementation of CSR including the corporate structure down to internal management conflicts. This then draws further the need to investigate which of these factors similarly influences Marawi CSR initiatives.

Methodology

This study used the quantitative-correlational type of research. To achieve the objectives of the study, two types of data were considered which are: preliminary data; those data collected through a questionnaire and field study which is designed for the purpose of the present study, while secondary data will be obtained from various sources as books, scientific studies. This research was conducted in the selected business establishments visibly operating in Marawi City also known as the Islamic City of Marawi. In particular, this research dealt with business establishments located within the city that is engaged in general merchandise, restaurants, hardware, and construction. This research targeted on areas where there is heavy concentration of these business establishments such as in MSU Commercial Center, Panggao Saduc, New Capitol, Marawi City.

The data collection method used in this study involves probability sampling using specifically the stratified random sampling. The population of this research consisted of business owners or managers of business organizations visibly operating in Marawi City. Using the Yamane formula set at 0.05 margin of error, the target sample size determined for this research is 246.

In this study, the researcher utilized questionnaire and field interview patterned from other researches with similar purpose, as well as from the drivers and barriers of CSR, as defined in the review of literature. The research instrument was tested first for reliability and validated in other groups prior to its actual distribution to the actual respondents. The main objective of this stage was to identify possible difficulties with the interpretation of the questionnaire and to eliminate or reformulate unanswerable questions. Interviewees were assured about confidentiality and anonymity and were invited to freely express their opinions, experiences, and thoughts. The questionnaires were administered to the business enterprises which started on May 10, 2023 up to May 14, 2023.

The statistical tools used in the analysis are frequency distribution (frequency and percentage), weighted mean and Spearman's Correlation Test (for testing association between two ordinal data). Spearman's Correlation Test was used to measure the direction of association between two ranked variables, in this case, the significance of relationship between the factors (drivers and barriers) and business owner's involvement to CSR.

Results and Discussions

The researcher initially gathered demographic data of the business enterprises visibly operating in Marawi City in terms of the business enterprises' type of business, type of ownership, employee count, number of years in business and net income range. To understand how the individual observations are distributed based on the given categories, frequency distribution was used in the analysis. The findings revealed that about 137 out of 246 or 55.69% of the respondents had answered that they are actively engaged in retail sale. The rest of the respondents are either engaged in construction (3.25%), restaurant (19.51%), and industrial (7%) type of business as shown in Table 2.

Table 2: Frequency Distribution of Business Enterprises According to Type of Business

Type of Business	Frequency	Percent
Construction	8	3.252
Hardware	46	18.699
Restaurant	48	19.512
Retail Sale	137	55.691
Industrial	7	2.846
Total	246	100.000

Majority of Marawi business enterprises is composed of sole proprietors comprising of 65.45% of the total respondents. While the remaining respondents is composed of partnerships (26.42%) and corporations (6.9%) as shown in Table 3:

Table 3: Frequency Distribution of Business Enterprises According to Type of Business

Type of Ownership	Frequency	Percent
Corporation	17	6.911
Partnership	65	26.423
Sole Proprietorship	161	65.447
Others	3	1.220
Total	246	100.000

As shown in Table 4: Of the business enterprises surveyed, 195 out of 246 (79.27%) responded that they currently have 1 to 5 persons hired as employees. While only 2 out of 246 (0.81%) respondents answered that they have at least 11 or more employees working for them. There is about 11.79% of the respondents who responded that they have no hired employees. These particular respondents opted to manage their day-to-day operations of their business by themselves.

Table 4: Frequency Distribution of Business Enterprises According to Number of Employees

Number of Employees	Frequency	Percent
0	29	11.789
1 to 5	195	79.268
6 to 10	20	8.130
11 or more	2	0.813
Total	246	100.000

Table 5 shows the number of years the selected business enterprises have been operating in Marawi City. Majority of the surveyed business enterprises (61.38%) have been operating between 1 to 5 years which means that most of them are still relatively new to the business. On the contrary, only 6.5% of the respondents have been operating for more than 10 years.

Table 5: Frequency Distribution of Business Enterprises According to Number of Years in Operation

Number of Years in Business	Frequency	Percent
Less than a year	25	10.163
1 to 5 years	151	61.382
6 to 10 years	54	21.951
More than 10 years	16	6.504
Total	246	100.000

Table 6 presents the average monthly net income of the respondents according to net income range. 147 out of 246 (59.76%) responded that they were earning monthly net income between ₱10,000 to ₱50,000. Only 2.4% of the respondents answered that they were earning more than ₱100,000 a month. From this data it can be gleaned that majority of the business enterprises operating in Marawi City are earning low monthly net income. It appears that most of the surveyed business enterprises are still struggling financially which might have affected their ability to engage in various CSR activities.

Table 6: Frequency Distribution of Business Enterprises According to Net Income

Net Income Range	Frequency	Percent
Less than 10,000	50	20.325
10,000 to 50,000	147	59.756
51,000 to 100,000	43	17.480
More than 100,000	6	2.439
Total	246	100.000

The researcher sought to know the extent of understanding of Marawi business enterprises about the importance of CSR in terms of Western and Islamic concept. Various statements illustrating the importance of CSR in Western concepts were surveyed among 246 respondents. They were asked to rate their answer from 1 to 4 (from 1 = Strongly Disagree to 4 = Strongly Agree). The weighted mean was used to analyse and gauge which of the statements have the strongest importance to the respondents.

Table 7: Understanding on the Importance of CSR In Terms of Western Concept

Western Concept	Strongly Disagree [1]	Slightly Disagree [2]	Slightly Agree [3]	Strongly Agree [4]	Weighted Mean	Verbal Interpretation	Overall Mean
I have understood the concept of Corporate Social Responsibility as defined in the above discussion.	36	25	117	68	2.882	Slightly Agree	2.980 Slightly Agree
My business is conscious and is actively engaged with social responsibility initiatives.	25	40	105	76	2.943	Slightly Agree	
I understand that CSR practices are beneficial in the overall sustainability of my business operation.	31	31	98	86	2.972	Slightly Agree	

Participation to CSR initiatives has positive impact direct or indirect to my business economic growth	30	26	103	87	3.004	Slightly Agree
CSR can improve employee retention rates, boost morale, build loyalty and increase motivation	29	33	75	109	3.073	Slightly Agree
CSR enhances customer satisfaction, brand identification, and increases customers' trust	32	30	79	105	3.045	Slightly Agree
CSR is crucial for maintaining commercial ties with our partners.	33	32	99	82	2.935	Slightly Agree
CSR strengthens partnership with suppliers.	34	28	95	89	2.972	Slightly Agree
CSR gives people the leverage and the platform they need to make a difference in local and global communities.	34	35	76	101	2.992	Slightly Agree
The adoption of social responsibility positively affects the protection of the environment from pollution.	28	36	95	87	2.980	Slightly Agree

The overall weighted mean of the responses of the 246 respondents on the given statements illustrating the importance of CSR in Western Concept is 2.98 which falls to the range of “slightly agree”. About 44.31% (109 out of 246) of the respondents strongly agreed on the statement, “CSR can improve employee retention rates, boost morale, build loyalty and increase motivation” which has also garnered the highest weighted mean of 3.073. The statement “I have understood the concept of Corporate Social Responsibility as defined in the above discussion” has the lowest weighted mean of 2.882 with 14.63% (36 out of 246) expressed that they strongly disagree with the statement.

On the other hand, the overall weighted mean of the responses of the 246 respondents on the given statements illustrating the importance of CSR in Islamic Concept is 3.98 which falls to the range of “slightly agree”. Of the statements given, the statement “Engagement to CSR activities have relevant societal impacts in Muslim community” has the highest weighted mean. As per data gathered, 57.72% or 142 out of 246 respondents answered that they “strongly agree” with this statement. The respondents also showed strong agreement to statements “The Islamic institution of zakah, that is, a wealth tax comprising compulsory charitable-giving for specially designated groups in society, is not only an economic necessity but also a means to spiritual salvation”, and “It is part of Islamic faith to not waste resources”. Both statements are the second most strongly agreed with by most of the respondents (137 out of 246).

Table 8: Understanding on the Importance of CSR In Terms of Islamic Concept

Islamic Concept	Strongly Disagree [1]	Slightly Disagree [2]	Slightly Agree [3]	Strongly Agree [4]	Weighted Mean	Verbal Interpretation	Overall Mean
I have understood the Islamic concept of Corporate Social Responsibility as defined in the above discussion.	31	23	64	128	3.175	Slightly Agree	3.198 Slightly Agree

Engagement to CSR activities have relevant societal impacts in Muslim community.	33	11	60	142	3.264	Strongly Agree
I believe that engagement in social responsibility practices is part of Ibadah or worship in Islam.	37	15	52	142	3.215	Slightly Agree
The key to business philosophy in Islam lies in a person's relationship with God, His universe, and His people.	43	20	71	112	3.024	Slightly Agree
The intense commitment of Islam to justice and brotherhood demands that Muslim society take care of basic needs of the poor.	32	14	72	128	3.203	Slightly Agree
The Islamic institution of zakah, that is, a wealth tax comprising compulsory charitable-giving for specially designated groups in society, is not only an economic necessity but also a means to spiritual salvation.	30	15	64	137	3.252	Strongly Agree
In Islam, people are viewed as trustees of the earth on behalf of God. This is very relevant to ethics concerning business and the environment.	33	15	64	134	3.215	Slightly Agree
Every Muslim must pay sadaqah (charity).	32	19	60	135	3.211	Slightly Agree
It is part of Islamic faith to not waste resources.	33	9	67	137	3.252	Strongly Agree
Equal opportunity and discriminatory behavior in hiring, buying, and selling is consistent with the saying of the Prophet (SAW): "No Arab has superiority over any non-Arab and no non-Arab has any superiority over an Arab; no dark person has superiority over a white person and no white person has any superiority over a dark person. The criterion of honor in the sight of God is righteousness and honest living."	37	12	70	127	3.167	Slightly Agree

The researcher asked the respondents to rate within a scale of 1 to 4 (from 1 = Never to 4 = Always), the involvement of the companies in four major areas of CSR: environmental, legal, ethical, and philanthropic. Weighted mean was used to analyse their responses as summarized in the table presented below.

Table 9: Extent Of the Companies' Involvement Along the Different Types Of CSR Initiatives

	Never [1]	Sometimes [2]	Often [3]	Always [4]	Weighted Mean	Verbal Interpretation	Overall Mean
Environmental							
My business is actively engaged in the reduction of pollution through proper solid waste management	37	37	85	87	2.902	Often	2.923 Often
We are constantly sanitizing our place of operation before and after use	28	38	83	97	3.012	Often	
My business enterprise uses reusable materials and eco-friendly materials for packaging.	28	45	88	85	2.935	Often	
My business enterprise supports recycling goods and materials and practices recycling throughout its processes	32	46	84	84	2.894	Often	
My business helps in the promotion of environmental awareness	28	53	88	77	2.870	Often	
Legal							
My business ensures all products or services offered are Halal	36	33	63	114	3.037	Often	2.923 Often
My business enterprise ensures that it complies to legal business requirements (such as taxes, licenses, etc.)	31	40	77	98	2.984	Often	
We practice fair pricing of goods and services with customers.	31	35	76	104	3.028	Often	
We ensure that customers receive receipts/sales invoice for every complete transaction	49	54	70	73	2.679	Often	
Avoids mischievous presentation of the quality of products and services offered	33	47	81	85	2.886	Often	
Ethical							
Honest disclosure of operating concerns to investors in a timely and respectful manner.	32	26	83	105	3.061	Often	2.984 Often
Fair treatment across all types of customers regardless of age, race, culture	26	37	77	106	3.069	Often	

All employees receive competitive pay and comprehensive benefits as well as treated with respect.	25	29	79	113	3.138	Often	
My business enterprise participates in fair trade practices	32	47	85	82	2.882	Often	
Avoids <i>Riba</i> (usury) that is unequal exchanges or charges and fees for borrowing.	54	42	57	93	2.768	Often	
Philanthropic							
The business enterprise donates profit to charities (sadaqa) or causes it believes in.	27	35	61	123	3.138	Often	2.657 Often
The business enterprise only enters into transactions with suppliers or vendors that align with the business enterprise philanthropically.	33	43	85	85	2.902	Often	
The business enterprise sponsors fundraising events.	103	51	40	52	2.167	Sometimes	
The business enterprise offers free services for community events	106	51	36	53	2.146	Sometimes	
The business enterprise provides discounts and special prices for less fortunate individuals	35	40	78	93	2.931	Often	

Second in ranking in terms of weighted mean is the environmental CSR initiatives. Overall mean is 2.923 which means that the respondents are oftentimes engaged in environmental initiatives. On top of the environmental initiatives is the sanitization of the place of operation before and after use with the highest individual mean of 3.012. Among the four areas of CSR initiatives, the respondents are mostly involved in ethical area of CSR initiatives. The overall mean response to this area is 2.984, the highest mean among the four, which is interpreted as “the respondents are oftentimes involved in ethical related CSR initiatives”. Respondents gave highest regard to employee’s welfare with an average of 3.138. Legal CSR initiatives obtained an overall mean of 2.923 which means that the respondents are oftentimes engaged in these legal initiatives. On top of the legal initiatives with mean score of 3.037, is assuring that all products or services offered are Halal. Of the four areas of CSR initiatives, the respondents are least involved in philanthropic activities. This area scored an overall mean of 2.657, the lowest mean among the four other areas. With the lowest mean of 2.167 and 2.146, the respondents were found to be least involved with fundraising and community events. Based on the individual means of each statement, on top of the respondents’ CSR initiatives is Sadaqa (charities). Half of the respondents said that their business enterprise always donates profit to charities (sadaqa) or causes it believes in. Next most observed CSR initiative is assuring products or services offered are Halal. Third in the most observed CSR initiative is fair employee compensation and employee treatment.

Respondents were then asked to identify the drivers and barriers of CSR that influence their CSR involvement based on Likert Scale given. To understand better the drivers and barriers

that motivate business enterprises to engage in CSR initiatives, the mean of the responses was calculated, analysed, and presented in the following table:

Table 10: Mean Response of Drivers of CSR

Drivers	Not Important [1]	Slightly Important [2]	Important [3]	Very Important [4]	Weighted Mean	Verbal Interpretation	Overall Mean
Top management's moral values and business ethics	17	52	83	94	3.033	Important	3.046 Important
Belief that CSR practices are consistent with Islamic faith	10	48	95	93	3.102	Important	
Specific CSR initiatives are requirements by investors	14	54	97	81	2.996	Important	
Customers' regard for CSR involvement	12	71	84	79	2.935	Important	
Improve organizational performance	13	52	84	97	3.077	Important	
Desire to innovate	15	64	77	90	2.984	Important	
CSR is part of risk management	15	53	88	90	3.028	Important	
Ethical/moral commitment	17	41	93	95	3.081	Important	
Improvement of corporate image Islamic Religion	12	49	82	103	3.122	Important	
CSR is a form of Charity (Sadaqah)	11	49	83	103	3.130	Important	
Attention from community groups	17	53	85	91	3.016	Important	

The overall mean response for the drivers as shown in Table 10 is 3.046 which is interpreted as falling between the range of slightly important to important. Based on the weighted mean of individual drivers, the respondents were mostly driven by the idea that "CSR is a form of Charity (Sadaqah)" with mean of 3.13. Joining the top three drivers of CSR is the improvement of corporate image in Islamic Religion (3.122) and belief that CSR practices are consistent with Islamic faith (3.102).

In Table 11, the mean response of the 246 respondents on barriers on adoption of CSR is 2.906, which falls between the responses 'to slightly relevant and 'relevant'. Based on the overall mean, the respondents were mostly hindered by financial & resources limitation with mean of 2.988, followed by difficulty in evaluation of CSR (2.955), that is, difficulty in the measurement of CSR benefits, and industry nature (2.951). Almost 45.57% (112 out of 246) of the respondents assessed that they are relevantly limited by financial and resources.

Table 11: Mean Response of Barriers of CSR

Barriers	Not Relevant [1]	Slightly Relevant [2]	Relevant [3]	Very Relevant [4]	Weighted Mean	Verbal Interpretation	Overall Mean
Lack of owners' commitment	21	68	95	62	2.805	Relevant	2.906 Relevant
Lack of information and knowledge	21	60	98	67	2.858	Relevant	
Prioritization dilemma	15	61	101	69	2.911	Relevant	
Culture differences	15	57	103	71	2.935	Relevant	
Industry nature	16	56	98	76	2.951	Relevant	
No government involvement	19	67	85	75	2.878	Relevant	
Confused regulations	19	64	93	70	2.870	Relevant	
Lack of social supervision	14	68	98	66	2.878	Relevant	
Lack of customer awareness	20	57	97	72	2.898	Relevant	
Lack of other stakeholder awareness	21	50	97	78	2.943	Relevant	
Financial & resources limitation	15	46	112	73	2.988	Relevant	
Difficulty in evaluation of CSR	14	57	101	74	2.955	Relevant	

To test whether there is a significant relationship between the drivers and barriers identified and CSR initiatives adopted by business enterprises, the Spearman's Correlation Test (for testing association between two ordinal data) was used. The result of the test is presented in the following tables:

Table 12: Test of Relationship Between the Drivers Identified and the CSR Initiatives Adopted By Business Enterprises

Drivers identified	Extent of involvement in CSR initiatives	Test	Interpretation	
Number of drivers identified	Environmental	Spearman's Correlation Test	The extent of involvement in environmental CSR initiatives is highly associated with the number of drivers identified. Particularly, higher number of identified drivers is highly associated with more involvement in environmental CSR initiatives.	
		Spearman's rho		0.489
		p		<.001
Number of drivers identified	Legal	Spearman's Correlation Test	The extent of involvement in legal CSR initiatives is highly associated with the number of drivers identified. Particularly, higher number of identified drivers is highly associated with more involvement in legal CSR initiatives.	
		Spearman's rho		0.396
		p		<.001
Number of drivers identified	Ethical	Spearman's Correlation Test	The extent of involvement in ethical CSR initiatives is highly associated with the number of drivers identified. Particularly, higher number of identified drivers is highly associated with more involvement in ethical CSR initiatives.	
		Spearman's rho		0.400
		p		<.001

Number of drivers identified	Philanthropic	Spearman's Correlation Test		The extent of involvement in philanthropic CSR initiatives is highly associated with the number of drivers identified. Particularly, higher number of identified drivers is highly associated with more involvement in philanthropic CSR initiatives.
		Spearman's rho	0.260	
		p	<.001	

Table 13: Test of Relationship Between the Barriers Identified and the CSR Initiatives Adopted By Business Enterprises

Barriers identified	Extent of involvement in CSR initiatives	Test		Interpretation
Number of barriers identified	Environmental	Spearman's Correlation Test		The extent of involvement in environmental CSR initiatives is highly associated with the number of barriers identified. Particularly, higher number of identified barriers is highly associated with more involvement in environmental CSR initiatives.
		Spearman's rho	0.391	
		p	<.001	
Number of barriers identified	Legal	Spearman's Correlation Test		The extent of involvement in legal CSR initiatives is highly associated with the number of barriers identified. Particularly, higher number of identified barriers is highly associated with more involvement in legal CSR initiatives.
		Spearman's rho	0.304	
		p	<.001	
Number of barriers identified	Ethical	Spearman's Correlation Test		The extent of involvement in ethical CSR initiatives is highly associated with the number of barriers identified. Particularly, higher number of identified barriers is highly associated with more involvement in ethical CSR initiatives.
		Spearman's rho	0.351	
		p	<.001	
Number of barriers identified	Philanthropic	Spearman's Correlation Test		The extent of involvement in philanthropic CSR initiatives is highly associated with the number of barriers identified. Particularly, higher number of identified barriers is highly associated with more involvement in philanthropic CSR initiatives.
		Spearman's rho	0.338	
		p	<.001	

The result of the correlation test done between the drivers identified and the CSR initiatives adopted by business enterprises revealed that the extent of involvement in philanthropic CSR initiatives is highly associated with the number of drivers identified. Hence, the null hypothesis is rejected. Particularly, there is a positive correlation between the two data, that is, the higher number of identified drivers, the more involvement in all four areas of CSR initiatives. On the other hand, the result of the correlation test done between the barriers identified and the CSR initiatives adopted by business enterprises revealed the extent of involvement in environmental, ethical, legal, and philanthropic CSR initiatives is highly associated with the number of barriers identified. Therefore, the null hypothesis is rejected. This is interpreted as that the more the

business enterprise is involved in CSR activities, the more they will be able to identify barriers hindering them to engage in CSR initiatives.

Conclusions

The findings of this study have several implications in the performance of social responsibility among the Marawi business enterprises. Although on initial observation, there seems to be a lack of involvement in corporate social responsibility, it is definite from the results of the study that CSR initiatives are present despite majority of the businesses operating in the city is small to medium scale only. Lack of knowledge is not the main barrier since the business owners exhibited good understanding of the importance of CSR in both Western and Islamic concepts. In fact, it is the financial restrictions that greatly hinders Marawi business owners to engage in more CSR initiatives. However, despite the barrier imposed by financial restrictions, giving Sadaqa is still one of top CSR initiatives that is well-adopted by Marawi business enterprises. This is in fact consistent with top motivating driver identified among business enterprises – the belief that Sadaqa is a form of CSR. This is of no surprise since Maranao entrepreneurs are expected to give higher regard to practices that have clear consistency with Islamic faith. Consequently, there will be no difficulty in adopting new CSR initiatives for as long as they remain consistent with Islamic principles.

Recommendations

Based on the results and conclusion drawn, the researcher presents the following recommendations: Since the level of understanding of Islamic CSR concept was shown to have link with higher performance of CSR, business owners should develop clear social vision and accountability to the society through seeking knowledge about Islamic concept of social responsibility. Apart from that, business owners should take initiative to incorporate CSR into the policy setting of the business enterprise to institutionalize CSR system within the business enterprise.

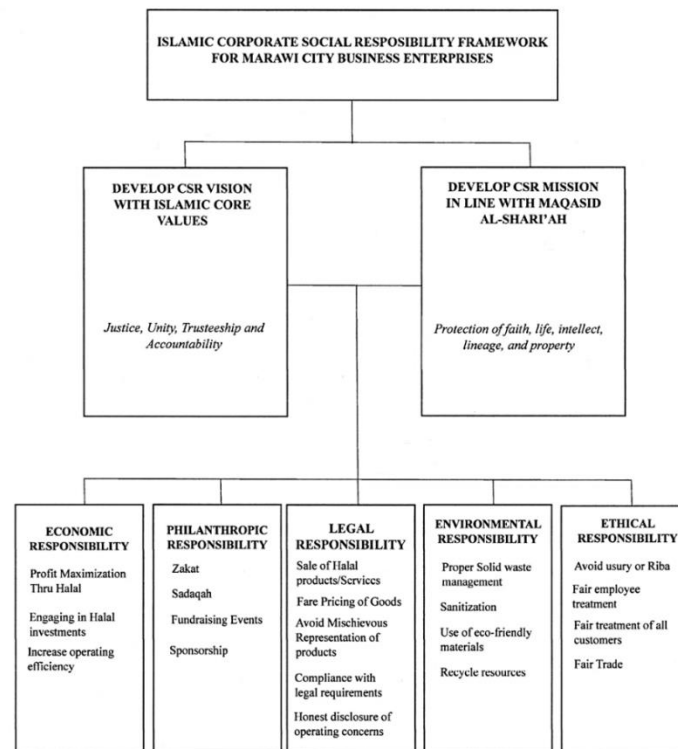
A local committee may be organized to formally develop policies that integrate the Islamic perspectives on CSR into the commonly used Western idea of CSR. Further, to address the identified barriers and take advantage of the drivers determined in this study, the researcher proposes the following Islamic CSR Framework for Marawi City business enterprises which is developed with reference to the results of data collection and review of literature as shown in Figure 2 on the next page.

The proposed Islamic CSR Framework adopted parts of the framework suggested by Darus, et.al (2013), the most recent and relevant model found by the researcher to date. It begins by incorporating the Islamic principles of Maqasid Al-Shari'ah in the business enterprise's main objectives, that is, the business owners should align their business endeavors in protecting the Maqasid al-Shari'ah which revolves around five principles or objectives, namely, protection of faith (al-din), protection of life (al-'nafs), protection of intellect (al-'aql), protection of lineage (an-nasl) and protection of property (al-mal/wealth).

After integrating Maqasid Al-Shari'ah into the business mission, businesses shall then develop the vision of a sustainable global economy that actively benefits society and the environment by incorporating values like unity, justice, trusteeship, and accountability which are among the basic tenets of an Islamic CSR. Once Islamic principles are incorporated in the business enterprise's mission and vision, specific strategies for the attainment of Islamic CSR initiatives shall then be developed. While it was established in this study that the extent of involvement

in all areas of CSR initiatives is highly associated with both the Western and Islamic Concepts, it would be helpful to adopt additional measures from both concepts since it has been discussed from the literature that the Islamic perspective on CSR is consistent with that of Western concepts. For Islamic CSR Framework, five areas shall be considered: economic responsibility, environmental responsibility, legal responsibility, ethical responsibility and philanthropic responsibility.

Figure 2: Islamic Corporate Social Responsibility Framework for Marawi City Business Enterprises



Of the five areas, Islamic CSR initiative should start with developing the economic responsibility. Economic responsibility is the practice of a company backing all of its financial decisions with a commitment to do good in the above-mentioned areas. Considering that net income is shown to have a significant association with CSR involvement particularly on legal responsibilities, the Islamic CSR framework should then essentially incorporate the economic responsibility to make Halal profits. This further supports the findings that most of Marawi business entrepreneurs found financial and resources limitation most hindering in the adoption of CSR initiatives. By doing so, the business enterprise can maximize participation in various CSR initiatives that is covered in other aspects of Islamic CSR. The ultimate goal is not simply to maximize profits, but to ensure that business operations have a positive impact on the environment, people, and society. To seal the framework, there should be government involvement in the implementation and regulation of Islamic CSR policies to the Marawi business community. In addition, since this study has discussed some barriers on implementing CSR, future researches may be conducted on larger group focusing on determining solutions to overcome these barriers, as well as developing metrics to enable evaluation of CSR benefits since difficulty in evaluation of CSR was one of the challenges identified. Further study may also focus on assessing the level of understanding in the importance of CSR from the standpoint of the stakeholders.

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