



REVIEW ARTICLE

CORPORATE SOCIAL RESPONSIBILITY AWARENESS OF AUTOMOTIVE INDUSTRY IN SAN PABLO CITY

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ABSTRACT

This research explores Corporate Social Responsibility (CSR) awareness in the automotive industry in San Pablo City, Philippines. Using a mixed-method approach, the study distributed a structured questionnaire to various companies and conducted open interviews with managers. While CSR proves significant for a competitive economy, further research is required to understand its impact on dealership performance, identify best practices, and assess its effects on reputation, consumer perceptions, and employee satisfaction, contributing to sustainable growth and community welfare.

KEYWORDS

Corporate social responsibility, automotive industry, awareness, San Pablo City

1. INTRODUCTION

The automotive industry stands as one of the significant manufacturing sectors in the Philippines. In San Pablo City, however, it does not encompass a manufacturing section. Instead, the city hosts car showrooms that offer vehicle purchases, as well as repair and maintenance services to cater to their clientele. Given the various factors that influence the automotive industry, such as globalization, consumer diversification, and accelerated product modifications, corporate social responsibility (CSR) awareness in the automotive sector emerges as a critical consideration. This study aims to assess and analyse the level of CSR awareness and implementation within the automotive industry in San Pablo City. Specifically, it seeks to examine the extent to which automotive companies engage in CSR practices, their areas of focus, the impact of their initiatives on the community and the environment, and identify potential areas for improvement.

The study holds significant importance for multiple reasons. Firstly, it has the potential to enhance social responsibility efforts within the automotive industry by identifying opportunities for companies to bolster their CSR practices. This, in turn, can yield positive effects on the community and various stakeholders. Secondly, by providing a comprehensive understanding of CSR practices, the study sheds light on the automotive industry's contribution to sustainability and its efforts to address environmental concerns, thereby promoting the adoption of greener practices.

Moreover, the study sheds light on the level of community engagement and the positive influence that automotive companies have on the local community, fostering stronger relationships. Additionally, the findings can significantly impact stakeholder perceptions, including those of customers, employees, and investors, as they gauge the automotive industry's commitment to social responsibility, potentially influencing their decisions and loyalty.

Furthermore, the study's outcomes can contribute to enhancing the reputation of automotive companies by demonstrating robust CSR practices. This, in turn, may attract more customers and investors, bolstering the companies' long-term viability. Notably, policymakers and

regulators stand to benefit from the study's results, as it provides valuable insights into the current state of CSR practices in the automotive industry, leading to more informed policy formulations and regulations.

The study also serves as a benchmark for automotive companies to compare their CSR efforts with their industry peers, facilitating the adoption of best practices and driving continuous improvement. Overall, the study's potential to promote a more socially and environmentally conscious automotive industry in San Pablo City and beyond underscores its significance in advocating for sustainable and responsible business practices.

2. LITERATURE REVIEW

Corporate Social Responsibility (CSR) has emerged as a critical and multifaceted concept in the business world, emphasizing companies' ethical obligations towards society and the environment. The term "CSR" was officially introduced by Howard Bowen in 1953, marking the beginning of a transformative approach to business operations and signalling a departure from the traditional focus solely on profit-making (Nevarez, 2016). Over the years, CSR has continued to evolve and mature, with companies increasingly incorporating social interests into their practices and becoming more responsive to the needs and expectations of their stakeholders (Hohnen, 2007).

The automotive industry, a cornerstone of the global economy, is not immune to the growing significance of CSR. With various factors influencing the sector, such as rapid globalization, the diversification of consumer preferences, and the continuous need for product innovations and modifications, businesses in this industry have come to recognize the value of adopting responsible practices to meet societal needs and maintain a positive reputation. CSR initiatives within the automotive sector encompass several interconnected dimensions: environmental responsibility, ethical/human rights responsibility, philanthropic responsibility, and economic responsibility (Ledecy, 2003).

Environmental responsibility, arguably one of the most pressing issues facing the automotive industry, involves companies committing to sustainable practices, reducing their carbon footprint, and using

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sustainable resources. As climate change and environmental concerns gain prominence on the global stage, automotive companies are now prioritizing environmentally friendly operations, investing in research and development of alternative fuels and energy-efficient technologies, and implementing eco-friendly manufacturing processes to mitigate their impact on the environment (Beattie, 2023).

Ethical/human rights responsibility focuses on the fair treatment of stakeholders, advocating against injustices such as child labour, unsafe working conditions, and discrimination. Automotive businesses are championing ethical practices and embracing fair-trade principles in their supply chains and operations to promote human rights, social justice, and ethical conduct throughout their business ecosystem (Fairtrade Foundation 2018).

Philanthropic responsibility entails corporate efforts to give back to society, often through donations to local causes and community development projects. The automotive industry actively contributes to societal well-being through philanthropy, supporting education, healthcare, and social initiatives, thereby enhancing their public image and fostering goodwill with consumers and communities (Fernando, 2023).

Economic responsibility emphasizes making financial decisions that align with societal well-being. Automotive companies invest in research and development of alternative energy sources and sustainable technologies, support educational initiatives to foster skilled workforces, and contribute to local charities to uplift the communities they operate in. By doing so, they aim to create shared value and strengthen their long-term sustainability (Thomasnet, 2019).

The implementation of CSR brings about various tangible and intangible benefits to the automotive industry. Beyond fostering positive stakeholder relationships, these initiatives enable access to capital and new markets, boost sales and profits through enhanced brand reputation and consumer loyalty, reduce operational costs through sustainable practices and efficient resource management, improve overall productivity and product quality by adopting responsible manufacturing processes, and strengthen decision-making and risk management processes by considering broader social and environmental implications (United Nations Industrial Development Organization, 2023).

CSR has become an essential management concept, particularly in the automotive industry, as businesses recognize their broader responsibility beyond profit-making. CSR practices have been integrated into various aspects of automotive operations, reflecting the industry's growing awareness of its potential positive impact on stakeholders, the

environment, and the community at large. As the automotive sector continues to embrace CSR, it becomes essential to conduct further research to assess the specific effects of these initiatives on stakeholder perceptions and their contributions to sustainable development outcomes (Agudelo et al., 2019).

Understanding the outcomes and effectiveness of CSR in this industry can guide future strategies and policies that drive positive change and progress towards a more socially and environmentally responsible automotive sector. Moreover, stakeholders, including consumers, investors, employees, and regulators, are increasingly demanding transparency and accountability from automotive companies, pushing them to embrace CSR more sincerely (Venyyu and Asan, 2023).

Furthermore, CSR in the automotive industry also extends beyond the efforts of individual companies. Collaborative initiatives and partnerships with governments, non-governmental organizations (NGOs), and industry associations play a pivotal role in addressing complex challenges such as climate change, sustainable mobility, and social inequalities. These collaborations can lead to innovative solutions and the sharing of best practices, further enhancing the industry's collective impact on societal and environmental issues (Reckmann, 2023).

The future of CSR in the automotive industry appears promising, but it also faces challenges. As technological advancements and market dynamics continue to evolve, automotive companies must adapt their CSR strategies to remain relevant and impactful. They will need to stay ahead of emerging trends, such as the rise of electric vehicles, autonomous driving, and mobility-as-a-service, and incorporate sustainable practices into these new developments (Knauf Industry Automotives, 2023).

CSR has become an indispensable aspect of the automotive industry, shaping how companies conduct their businesses, engage with stakeholders, and contribute to society and the environment. As society's expectations evolve, automotive businesses must continue to innovate, collaborate, and integrate responsible practices into their operations, driving positive change and contributing to a more sustainable and equitable world (Fernando, 2023).

2. METHODS

To gauge the CSR awareness and practices of automotive companies in San Pablo City, a mixed-method approach was adopted. A structured questionnaire was distributed to respondents from various automotive companies listed by the Business Permit Licensing Office of San Pablo City. Additionally, open interviews were conducted with managers to understand their existing CSR programs and initiatives.

3. RESULTS AND DISCUSSIONS

Table 1: Weighted Mean Analysis

Questions	1	2	3	4	5	Fx	Weighted mean Fx/respondents	Interpretation
1. Are you aware of a law proposing that the State recognizes the vital role of the private sector in nation-building and shall encourage its active participation in fostering economic development and environment protection in the country?			3	1		13	3.25	Sometimes/Somewhat Familiar
2. Is your company familiar with the concept of Corporate Social Responsibility is?					4	20	5	Yes, or very familiar
3. Is your company involved in any CSR activities or projects?					4	20	5	Yes, or very familiar
4. Are you willing to attend seminars regarding Corporate Social Responsibility				4		16	4	A little more familiar
5. Have you heard of any car dealers in San Pablo City that engage in CSR activities?			3	1		13	3.25	Sometimes/Somewhat Familiar
6. have you personally witnessed or participated in any CSR activities organized by a car dealer company in San Pablo City?				4		16	4	A little more familiar
7. Will you support a car dealer company that actively engages in CSR activities?					4	20	5	Yes or very familiar
8. Is your company show transparency regarding your CSR initiatives?				4		16	4	A little more familiar
9. Do you think your company should update the public about your CSR activities?				4		16	4	A little more familiar
10. would you be willing to participate for seminars of CSR awareness and development that actively contribute to CSR initiatives in San Pablo City?					4	20	5	Yes, or very familiar
Overall Average							4.25	Yes, or very familiar

Legend: 1-1.80 = No or Never Heard of it, 1.81-2.60=Heard a Little, 2.61-3.40= Sometimes or Somewhat Familiar, 3.41-4.20= A little More Familiar, 4.21-5.00= Yes, or Very Familiar

The table presents compelling evidence that the companies exhibit a high level of familiarity with the concept of Corporate Social Responsibility, as evidenced by the weighted mean of 5. Moreover, the companies demonstrate considerable engagement in CSR activities and projects, reflected in another weighted mean of 5. Additionally, the companies express a keen interest in participating in seminars focused on CSR. In light of these findings, it is evident that the companies are cognizant of the pivotal role played by Corporate Social Responsibility in ensuring the long-term sustainability of their businesses.

The open interview revealed the CSR awareness and practices of four car dealerships (Car Dealer A, B, C, and D):

Car Dealer A takes a prominent role in advocating for environmental sustainability by promoting eco-friendly vehicles. In contrast, Car Dealer B and Car Dealer C concentrate on implementing sustainable technologies to minimize their environmental impact.

Both Car Dealer A and Car Dealer B actively engage with local communities through a range of initiatives, lending their support to education and disaster relief efforts.

Car Dealer B stands out for its commitment to ethical business practices, placing a strong emphasis on fair trade practices and equal pay.

Car Dealer A and Car Dealer D prioritize the welfare of their employees, offering a safe work environment and ample training opportunities.

Car Dealer B places a significant focus on fostering diversity and inclusivity within its workforce.

Corporate Social Responsibility has become a crucial aspect of business operations, influencing customer loyalty, decision-making, and risk management. The study underscores the importance of CSR in the automotive industry and its potential benefits, such as improved reputation and access to markets. As companies continue to integrate CSR, they lay the foundation for a more productive and competitive economy in San Pablo City.

4. CONCLUSION

Car dealerships in San Pablo City show a commendable commitment to corporate social responsibility (CSR), as evidenced by their strong familiarity with CSR concepts and active engagement in various CSR activities. Their focus on key areas such as environmental sustainability, community engagement, ethical business practices, employee welfare, and diversity and inclusion highlight the importance of CSR in the automotive industry.

By prioritizing CSR, automotive companies can enhance their reputation and credibility, which can attract more customers and investors. Additionally, emphasizing CSR practices can open up opportunities for accessing new markets and expanding their customer base. As a result, the automotive industry in San Pablo City can become more competitive and productive, contributing to the overall economic growth and development of the city.

RECOMMENDATION

In-depth research on the relationship between CSR and dealership performance is critical to gain a nuanced understanding of how CSR practices can impact the overall success of car dealerships. While existing studies have shown positive correlations between CSR and financial performance, there is a need to delve deeper into the specific CSR activities that lead to enhanced dealership performance. For instance, examining the influence of specific environmental initiatives on sales, the effect of community engagement on customer loyalty, or the impact of ethical business practices on employee productivity could offer valuable insights for dealerships to optimize their CSR strategies.

Identifying best practices in CSR implementation within the automotive industry is another area that warrants attention. As the sector is diverse and dynamic, there might not be a one-size-fits-all approach to CSR. Research could help uncover the most effective CSR initiatives that align with the unique characteristics and challenges faced by car dealerships. For instance, understanding successful CSR programs in different regions or dealership sizes could provide valuable benchmarks for others to follow.

Assessing the ramifications of CSR on reputation and consumer perceptions is crucial for car dealerships that seek to build a positive brand image. Research could explore how consumers perceive CSR efforts in their decision-making process, how CSR impacts brand trust and loyalty, and whether CSR initiatives lead to increased customer satisfaction. Understanding these factors can help dealerships tailor their CSR communication strategies to resonate better with their target customers and create a lasting positive impression.

Exploring the role of CSR in market expansion is a vital research area, especially as car dealerships aim to tap into emerging markets or expand their customer base. Investigating how CSR influences consumer preferences in these markets, how it affects market penetration and market share, and how it can be leveraged to gain a competitive edge could provide valuable insights for dealerships looking to grow sustainably and responsibly.

Employee satisfaction and retention are critical factors in the success of any organization, including car dealerships. Research examining the impact of CSR on employee morale, engagement, and job satisfaction can shed light on how CSR initiatives contribute to a positive work culture and attract and retain top talent. Understanding the link between CSR and employee well-being can also help dealerships create a strong employer brand and position themselves as employers of choice within the automotive industry.

Investigating consumers' attitudes and perceptions towards CSR initiatives in the automotive sector is essential to gauge the effectiveness of current CSR strategies and identify areas for improvement. Research could involve surveying consumers to understand their awareness and understanding of dealerships' CSR efforts, their preferences for socially responsible products and services, and their willingness to pay a premium for ethically sourced or sustainable vehicles. The findings can guide dealerships in aligning their CSR initiatives with consumer expectations and preferences.

Analysing collaborative CSR endeavours, such as partnerships between car dealerships, automakers, and NGOs, can reveal the collective impact of CSR on social and environmental challenges. Collaborations can lead to more significant and sustainable changes, and research on successful CSR partnerships can serve as a blueprint for other organizations seeking to forge similar alliances to address common goals.

Identifying and addressing potential barriers to successful CSR implementation is critical to ensuring that car dealerships can overcome challenges and fully embrace responsible business practices. Research could explore factors such as resource constraints, lack of awareness, organizational resistance, or conflicting stakeholder interests that may impede the adoption of CSR initiatives. By understanding these barriers, dealerships can develop strategies to overcome them and integrate CSR seamlessly into their operations.

Overall, comprehensive research on CSR in the automotive industry holds immense potential to bolster the positive effects of CSR initiatives. By understanding the link between CSR and dealership performance, identifying best practices, assessing its ramifications on reputation and consumer perceptions, exploring its role in market expansion, and elucidating its impact on employee satisfaction and retention, car dealerships can unlock new opportunities for sustainable growth and welfare, benefitting both the dealerships and the wider community. Ultimately, embracing CSR as an integral part of their business strategy can position car dealerships as responsible corporate citizens, positively impacting society and the environment while ensuring long-term success in the competitive automotive market.

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