



CORPORATE SOCIAL RESPONSIBILITY AS AN INFLUENCING FACTOR TO THE COMPETITIVE ADVANTAGE OF THE FIRM: EMPIRICAL EVIDENCE FROM APEX MINING CORPORATION

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ABSTRACT

This study was conducted to primarily define what domain in the corporate social responsibility significantly influenced firm competitiveness. The respondents of this study were the employees from various divisions and departments of APEX mining company situated at Maco, Davao de Oro, Philippines. This study utilized a quantitative non-experimental research method employing the causal-effect technique. Further, it used two sets of adapted questionnaires in gathering the data to find out the level of Corporate Social Responsibility towards firm competitiveness of APEX mining corporation. The results showed that Corporate Social Responsibility is very much evident with regard to economic, legal, ethical, and philanthropic responsibilities. Firm competitiveness was very much evident in terms of quality, innovation, delivery channels, and customer relationship. Moreover, there existed a significant link in Corporate Social Responsibility towards firm competitiveness of APEX mining corporation in Davao de Oro. All the domains of Corporate Social Responsibility such as economic, legal, ethical, and philanthropic responsibilities predicted firm competitiveness of APEX mining corporation in Davao de Oro. This implied that Corporate Social Responsibility helped APEX mining corporation in Davao de Oro built a progressive image with suppliers, bankers, customers, and investors. Thus, strongly gave impact to its feat in the competitive setting.

KEYWORDS: *Corporate social responsibility, competitive advantage, firm competitiveness.*

INTRODUCTION

Firm competitiveness has been an issue to most companies. Some of the factors involved were organization's lack of attention to competition and opportunities, inattentiveness to customer needs, deterioration of the competitive essence amongst employees, and lack of strategy. When analysing and understanding firm's competitiveness, it is imperative that the following key areas must be given attention: human capital, technology, financial capabilities, advancements, operation's effectiveness, customer satisfaction, and quality of products or services (Lu et al., 2019).

Meeting customer requirements at profit is a way for firms to sustain its business activities. This competence may be realized by offering services to the market which has value higher than those offered by competitors. This is for the firm to maintain its competitiveness and to be dynamic in adapting to changes within the company as well in the industry (Vlachvei & Notta, 2017).

Socially responsible firm strengthens the brand and competitiveness by appearing more prominent in the group of stakeholders and builds an

image of a transparency in the industry. In terms of reputation, an institution which socially behaves in a responsible manner increases its image in the customers and concerned stakeholders' viewpoint. Thus, positive name or reputation consecutively linked to firm competitiveness (Martinez et al., 2017). Hence, it is in this premise that the researcher is prompted determine the influence of corporate social responsibility on firm competitiveness in APEX mining corporation in Davao de Oro, Philippines.

RESEARCH OBJECTIVES

This study was conducted to determine which of the domains that significantly influenced Corporate Social Responsibility to firm competitiveness of APEX mining corporation. Specifically, this research was conducted to search answers to the following objectives:

1. To describe the influence of Corporate Social Responsibility of APEX mining corporation in Davao de Oro in terms of:

- 1.1 economic responsibility;
- 1.2 legal responsibility;



- 1.3 ethical responsibility; and
- 1.4 philanthropic responsibility.
2. To describe the firm competitiveness of APEX mining corporation in Davao de Oro in terms of:
 - 2.1 quality;
 - 2.2 innovation;
 - 2.3 distribution channels; and
 - 2.4 customer relationship.
3. To discover the significant relationship of Corporate Social Responsibility and firm competitiveness of APEX mining corporation in Davao de Oro.
4. To determine which of the domains in Corporate Social Responsibility significantly influence firm competitiveness of APEX mining corporation in Davao de Oro.

MATERIALS AND METHOD

Research Design

This research used a quantitative non-experimental research design utilizing causal-effect technique. This method was used when the objective is to describe the status of the situation as it occurs at the time of the study to discover the causes of a particular phenomenon. In correlation research, it involves collection of data in order to conclude whether the degree of a relationship exists between two of more quantifiable variables (Gay et al., 2006).

This study dealt on quantitative data which entails gathering of data in order to test or answer questions pertaining to current status of the subject understudied. In this study the researcher endeavored to examine the influence of corporate social responsibility on firm competitiveness of APEX mining in Davao de Oro Province, Philippines. Moreover, the researcher examined the existing relationship among the independent and the dependent variable of the study.

Research Locale

Presented in Figure 2 is the research locale of the study. The findings of this study were detailed to the context in employees one of the mining companies in Davao de Oro Philippines. The likelihood of the universal applicability of the outcomes was limited by the scope, and the sample.

Although there could be some collective features, the results may not have universal applicability to other systems. Davao de Oro is one of the provinces in Philippines located in Davao Region

in Mindanao. It has 11 municipalities in which most of the stated municipalities were into Mining operations.

The location of the respondents is located at one of the municipalities in the Province of Davao de Oro, Philippines. Currently, the total number of employees in the featured company is 1,912 from rank in file to executives.

Research Locale and Sample

This study was conducted in the Municipality of Maco, Province of Davao de Oro, Philippines, specifically APEX mining corporation. Currently, the total number of employees in the featured company is 1,912 from rank in file to executives. The respondents were chosen based on total enumeration technique. The respondents were not forced during the conduct of the study and the researcher followed and observed the ethical standards set in the conduct of this study ensuring the procedure in standardized and assessments criteria. The study observed the following inclusion and exclusion criteria: As an inclusion criteria used in determining the subject of the study, the researchers considered regular rank and file to managerial levels of employees from Mine Division (A), Mill Division (B), and PMES & Geology Division (C) of the company. Excluded in this study are: the employees in the executive positions in all divisions (VPs, President, and Board of Directors), and all levels of employees under the support group or Admin Division (ORM, Legal, Safety, Environment, Finance, HR, IMS, Security, IT, Community Relations, Medical, Purchasing, and General Services Department).

RESULTS AND DISCUSSION

Level of Corporate Social Responsibility

Table 1 presents the implementation of Corporate Social Responsibility of APEX mines in Davao de Oro Province with an overall mean of 4.50 described as very high. The results implied that the level of Corporate Social Responsibility of APEX mines in Davao de Oro Province is very much evident. As shown in the result, legal responsibility obtains the highest mean score of 4.53 which is described as very high. It is followed by philanthropic responsibility with a mean of 4.52; economic responsibility with a mean of 4.50; and ethical responsibility with a mean of 4.45 all are described as very high.



Table 1.
Level of Corporate Social Responsibility

Indicators	Mean	SD	Descriptive Equivalent
Economic Responsibility	4.50	0.41	Very High
Legal Responsibility	4.53	0.51	Very High
Ethical Responsibility	4.45	0.52	Very High
Philanthropic Responsibility	4.52	0.51	Very High
Overall	4.50	0.42	Very High

The findings supports the conclusion of Siawor-Robertson and Awaworyi Churchill (2015) arguing that that mining firms embraced numerous CSR projects and policies, specifically within the operation's district with a primary purpose of refining and boosting the community's livelihood to become an instrument for public development. In addition, Ahmadian & Khosrowpour (2017) specified that a firm that gives emphases to its strategy in CSR lessens its entire risk. Corporate social responsibility have made an honorable brand or image (Yalcintas,

2017) and employees naturally preferred working in a culture that has healthy surroundings for work. Therefore, the practice of CSR is an attraction and retention for hardworking employees (Ahmadian & Khosrowpour, 2017).

Level of Firm Competitiveness

Table 2 presents the level of firm competitiveness of APEX Mining Corporation in Davao de Oro Province with an overall mean of 4.54.

Table 2
Level of Firm Competitiveness

Indicators	Mean	SD	Descriptive Equivalent
Quality	4.56	0.41	Very High
Innovation	4.51	0.48	Very High
Delivery Channel	4.52	0.52	Very High
Customer Relationship	4.56	0.50	Very High
Overall	4.54	0.43	Very High

The indicated that quality and customer relationship both get the highest mean score of 4.56 described as very high. It is followed by delivery channel with a mean score of 4.52 described as very high; and innovation with a mean score of 4.51 described as very high. This means that firm competitiveness is very much evident in APEX Mining Corporation in Davao de Oro Province. Lee & Chen (2019) argued that customer connecting with customers is an investment that contributes to the firm's bottom line—increase customer loyalty by strengthening the competitive position of enterprises. More importantly, building of competitiveness required good attitudes which will enhance the competitive capabilities such as adaptation, flexibility, superiority, or market strength. Building competitiveness does not only mean improvement in production, but also applies in design and marketing of goods and services relative to competition. Specifically, a well delivered customer value advantage has to be emphasized (Lee & Chen, 2019). Moreover, requirements as to quality has forms like

reliability, performance, cost of achieving economic aspects, profitability, and costs for operating, maintenance, or environmental safeguard. Therefore, the firm's environment reconsidered values and feasibility of processes to properly improve and preserve the global competitiveness (Wheelen et al., 2017).

Relationship of the Domains of Corporate Social Responsibility on Firm Competitiveness

As shown in Table 3, computation using Pearson-r revealed that legal responsibility gets the highest *r*-value of 0.6642; followed by ethical responsibility with an *r*-value of 0.5640; then by philanthropic responsibility with an *r*-value of 0.4303; and lastly, economic responsibility with an *r*-value of 0.4058. Further, economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility unanimously have 0.001 probability level which is lesser than 0.05 of the significance level.



Table 3.

Significance on the Relationship of the Domains of Corporate Social Responsibility on Firm Competitiveness

Corporate Social Responsibility Variables	Dependent Variable	r-value	r-squared	P-value	Decision
Economic Responsibility	Firm Competitiveness	0.637*	0.4058	0.001	Reject H ₀
Legal Responsibility		0.815*	0.6642	0.001	Reject H ₀
Ethical Responsibility		0.715*	0.5640	0.001	Reject H ₀
Philanthropic Responsibility		0.656*	0.4303	0.001	Reject H ₀

*Significant at 0.05

The Corporate Social Responsibility with regard to economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility showed an important relationship with firm competitiveness of APEX mines in Davao de Oro Province. This implied that the level of firm competitiveness of APEX mines in Davao de Oro Province in terms of quality, innovation, delivery channels, and customer relationship was very much evident. The finding was in conformity with the study of Barney (1991) which stated that CSR could be regarded as a resource to create intangible assets which could be a foundation of competitive edge of the organization which in turn can bring creation value competency of the business. Moreover, the finding of Abbas et al (2019) that there exists a positive influence of Corporate Social Responsibility on competitiveness. There are two important points/constraints namely: first, the positive relationship of Corporate Social Responsibility towards competitiveness which is resilient when the firm pursues a strategy that is proactive; second, the firm's size or population plays an important role in the operation of CSR on competitiveness. In this way, competitiveness is achieved in a higher level.

The correlation between Corporate Social Responsibility and firm competitiveness was significant. This implied that firm competitiveness was dependent on the Corporate Social Responsibility of APEX mining corporation in Davao de Oro Province. These findings affirmed also in the study of Dyer and Singh (1998) that a strong influence in the competitive success context is defined by a greater amount of social commitment which benefits an organization increase and protects its intangible assets. CSR supports particularly a firm to build a positive image or brand through suppliers, investors, customers, investors, and bankers.

Regression Analysis on the Influence of Corporate Social Responsibility on Firm Competitiveness

Since the indicators of Corporate Social Responsibility and firm competitiveness of APEX mines in Davao de Oro Province displayed a significant relationship, multiple regression analysis is applied to validate which of these indicators best influences the firm competitiveness of APEX mining corporation in Davao de Oro Province. Shown in Table 4 is the multiple regression analysis of Corporate Social Responsibility.

Table 4.

Regression Analysis on the Influence of Corporate Social Responsibility on Firm Competitiveness

Corporate Social Responsibility Variables	Unstandardized Coefficients		Standardized Coefficients Beta	t-Value	P-value	Decision
	B	SE				
(Constant)	0.787	0.156				
Economic Responsibility	0.052	0.052	0.050*	1.002	0.317	Do not Reject H ₀



Legal Responsibility	0.395	0.042	0.470*	9.456	0.001	Reject H ₀
Ethical Responsibility	0.265	0.037	0.323*	7.227	0.001	Reject H ₀
Philanthropic Responsibility	0.121	0.041	0.145*	2.969	0.003	Reject H ₀

Dependent Variable: Firm Competitiveness

R= 0.868*

R²= 0.753

F-ratio= 32.81

P-value= 0.001

*Significant at 0.05

The regression analysis with four predictors namely: economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility has gained an adjusted r-square of 0.753 and F-ratio of 32.81 with probability values of 0.001 which is lesser than 0.05 level of significance. The 0.753 result signifies Corporate Social Responsibility influences the firm competitiveness of APEX mines in Davao de Oro Province by 75.3%. Furthermore, *legal responsibility* gets the highest standardized coefficient of 0.470. It is followed by *ethical responsibility* with a standardized coefficient of 0.323; then by *philanthropic responsibility* with a standardized coefficient of 0.145; and *economic responsibility* with a standardized coefficient of 0.050. All items influence the firm competitiveness of APEX mines in Davao de Oro Province. Given the tabular sheet, it can be summarized that Corporate Social Responsibility influences the firm competitiveness of APEX mines in Davao de Oro Province.

Additionally the four domains of Corporate Social Responsibility such as legal responsibility with a probability value of 0.001; ethical responsibility with a probability value of 0.001; philanthropic responsibility with a probability value of 0.003 which are lesser than the 0.05 level of significance influences the firm competitiveness of APEX mines in Davao de Oro Province. However, economic responsibility with a probability value of 0.317 is higher than the level of significance of firm competitiveness.

CONCLUSION

Based on the findings of the study, the following conclusions are drawn: Corporate Social Responsibility is very much evident in terms of economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility. Firm competitiveness is very much evident in terms of quality, innovation, delivery channels, and customer relationship.

Moreover, there exists a significant relationship between Corporate Social Responsibility and firm competitiveness of APEX mines in Davao

de Oro Province. All the domains of Corporate Social Responsibility such as economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility predict the firm competitiveness of APEX mines in Davao de Oro Province.

The result confirmed the proposition of Dyer and Singh (1998) that a strong influence in the competitive success context is defined by a greater amount of social commitment which benefits an organization increase and protects its intangible assets. CSR supports particularly a firm to build a positive image or brand through suppliers, investors, customers, investors, and bankers.

RECOMMENDATION

The level of Corporate Social Responsibility of APEX mines in Davao de Oro Province is very high which means that the Company is steadfast in its objective to be responsible in all aspects---economic, legal, ethical, and philanthropic. The researchers recommend that the company will continue its utmost effort to protect the environment. Further, company may come up with a monthly program on Environmental Protection Awareness for its employees and on-site contractors, promoting eco-friendly activities such as soil recovery and replanting of trees, and conduct trainings/seminars on effective waste management employing three 'Rs'—Reuse, Reduce, Recycle---to both company, community and its neighboring communities.

The level of Firm Competitiveness of APEX mines in Davao de Oro Province is very high which means that the Company is committed to develop and deploy capabilities and talents far more effectively than its competitors through quality, innovation, distribution channels, and customer relationship. The researchers recommend that the company may allow experts or third party on improving its business operations and systems especially in the use of technologies for product processing and innovations. Also, the company shall establish a queuing process for its service delivery in case of delays due to force majeure (e.g. travel restrictions due to pandemic).



Corporate Social Responsibility and firm competitiveness of APEX mines in Davao de Oro Province displayed significant relationship. In terms of economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility, it shows a significant relationship with firm competitiveness of APEX mines in Davao de Oro Province. In terms of quality, innovation, delivery channels, and customer relationship, the company manifests a very much evident result in this study. The researcher recommends that the company may continue to support education, activities like social, medical, and legal services sponsorship to the local community. Also, the company may encourage its employees to attend and support activities like charity events especially philanthropic awareness drive held in the neighboring communities.

Finally, it is indicative that economic responsibility does not have predictive ability to the firm competitiveness of APEX mines in Davao de Oro Province. The researcher recommends that the company may still pursue its economic contribution to the local community by providing livelihood projects for unemployed and develop programs like financial literacy to its local public officials, local SMEs, and other interested individual for proper handling of livelihood income.

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