



## Corporate Social Responsibility Practices and the Corporate Financial Performance of MSMEs in Selected Municipalities in Pampanga: The Moderating Role of Owner/Manager Sex

### Article History:

Initial submission:	14 August 2025
First decision:	18 August 2025
Revision received:	21 February 2026
Accepted for publication:	28 February 2026
Online release:	04 March 2026

Krishna N. Tiongson, ORCID No. 0009-0007-2716-2092

Master in Business Administration, Polytechnic University of the Philippines-OUS, Sta. Mesa, Manila Philippines

### Abstract

This study investigates the relationship between Corporate Social Responsibility (CSR) practices and corporate financial performance (CFP) among Micro, Small, and Medium Enterprises (MSMEs) in selected municipalities in Pampanga, with a focus on the moderating role of the owner or manager's sex. Grounded in stakeholder theory and gender-based leadership perspectives, the research explores whether CSR initiatives, such as community engagement, environmental stewardship, and employee welfare, correlate with profitability and whether this relationship varies based on the sex of the business leader. Utilizing a quantitative-descriptive design, the study surveyed 150 MSME owners and managers through structured questionnaires. Statistical analysis revealed a significant positive relationship between CSR practices and financial performance, indicating that socially responsible initiatives contribute to improved business outcomes. Furthermore, the moderating analysis showed that the sex of the owner or manager did not significantly alter the relationship between CSR and financial performance, suggesting that CSR benefits MSMEs regardless of leadership sex. The findings suggest that integrating CSR into core business strategies can yield competitive advantages for MSMEs, while promoting inclusive leadership development may further strengthen CSR adoption. By highlighting the intersection of CSR, profitability, and inclusivity, this research contributes to the evolving discourse on sustainable entrepreneurship and responsible business practices in the Philippine MSME sector.

**Keywords:** Corporate Social Responsibility (CSR), Micro, Small, and Medium Enterprises (MSMEs), Corporate Financial Performance (CFP), Pampanga, sex



Copyright © 2026. The Author/s. Published by VMC Analytik's Multidisciplinary Journal News Publishing Services. Corporate Social Responsibility Practices and the Corporate Financial Performance of MSMEs in Selected Municipalities in Pampanga: The Moderating Role of Owner/Manager Sex © 2026 by Krishna N. Tiongson is an open access article licensed under [Creative Commons Attribution \(CC BY 4.0\)](https://creativecommons.org/licenses/by/4.0/). This permits the copying, redistribution, remixing, transforming, and building upon the material in any medium or format for any purpose, even commercially, provided that appropriate credit is given to the copyright owner/s through proper and standard citation.

## INTRODUCTION

Corporate Social Responsibility (CSR) has evolved into a central theme in contemporary business discourse, shifting from its origins in philanthropy and corporate giving toward becoming a strategic business imperative. In the modern global economy, CSR embodies a company's responsibility not only to shareholders but also to a wide range of stakeholders, including employees, customers, communities, and the natural environment.

This paradigm shift reflects growing recognition that businesses do not operate in isolation but are embedded in complex social and ecological systems that directly and indirectly affect their long-term survival and competitiveness.

Globally, the practice of CSR has been propelled by mounting concerns about sustainability, ethical governance, climate change, and social inequality. International organizations, such as the United Nations, have institutionalized CSR-related principles through the Sustainable Development Goals (SDGs), encouraging both multinational corporations and smaller enterprises to embed socially responsible practices into their operations. According to the UN Global Compact, companies are expected to align strategies with universal principles on human rights, labor, environment, and anti-corruption, while contributing to broader societal goals. This reflects an evolution from the shareholder-centric view of business focused primarily on profit maximization toward a stakeholder-centric approach that

balances profitability with ethical and sustainable practices.

In developed economies, large corporations often lead CSR initiatives through structured programs and sustainability reports that detail measurable impacts. However, in developing countries, particularly among Micro, Small, and Medium Enterprises (MSMEs), CSR is often informal, unrecorded, and embedded in community traditions rather than corporate strategies. MSMEs play a vital role in national economies. In the Philippines, they comprise 99.5% of registered businesses, generate about 63% of employment, and contribute nearly 40% to the country's Gross Domestic Product (GDP) (DTI, 2023). Despite this overwhelming significance, scholarly focus on MSME engagement in CSR remains limited. Most research disproportionately highlights large corporations, overlooking the unique challenges and opportunities that MSMEs face in embedding CSR into their business models.

MSMEs in the Philippines often engage in CSR activities such as local community support, environmentally friendly initiatives, or employee welfare programs, but these are typically conducted on an ad hoc basis without formal measurement of outcomes or integration into long-term business strategies. This creates a research and practice gap, as the impact of CSR on the financial performance of MSMEs remains unclear. Previous studies in other contexts have demonstrated a positive correlation between CSR practices and improved financial outcomes, such as enhanced reputation, customer loyalty, access to capital, and long-term profitability. Yet, whether these benefits translate to MSMEs in provincial settings such as Pampanga remains largely unexplored. Pampanga is a relevant study site due to its dynamic mix of enterprises across industries such as food processing, trade, and services, combined with its role as a key economic hub in Central Luzon.

Moreover, leadership characteristics specifically the sex of the owner or manager may influence the adoption and prioritization of

CSR practices. Research suggests that female business leaders may emphasize relational and community-oriented CSR dimensions, while male leaders may focus on strategic and efficiency-driven approaches. However, the extent to which the sex of the owner or manager moderates the relationship between CSR and financial performance among MSMEs is inconclusive. Some studies suggest that leadership sex can shape organizational priorities, while others argue that structural and market forces outweigh individual attributes. This uncertainty underscores the need for empirical investigation.

This study addresses these research gaps by examining the relationship between CSR practices and the financial performance of MSMEs in Pampanga and testing the moderating effect of the sex of the owner or manager. By focusing on MSMEs, this research not only expands the scope of CSR scholarship beyond large corporations but also provides practical insights for enterprises that form the backbone of the Philippine economy. Additionally, the study contributes to policy development, aligning with the Philippine Development Plan 2023–2028, which emphasizes inclusive and sustainable growth, as well as with international frameworks such as the SDGs that advocate for responsible business practices across firms of all sizes.

The introduction of this paper thus sets the stage for a detailed review of literature, methodology, results, and discussion that collectively aim to clarify the role of CSR in enhancing MSME financial performance while accounting for moderating leadership factors. By situating MSMEs within broader global and local discourses on sustainable development, this study underscores their importance as both economic drivers and agents of social responsibility.

## LITERATURE REVIEW

CSR research has grown significantly over the past two decades, with scholars examining its dimensions, antecedents, and outcomes across

diverse organizational contexts. One of the most consistent findings is the positive association between CSR engagement and financial performance. Carroll's (1991) pyramid of CSR, encompassing economic, legal, ethical, and philanthropic responsibilities has often been used as a foundation for measuring CSR activities. Contemporary studies extend this framework by highlighting CSR's strategic role in fostering stakeholder trust, enhancing brand image, and generating long-term competitive advantage (Porter & Kramer, 2021).

Globally, CSR is no longer perceived merely as philanthropy but as a value-creating strategy. In a meta-analysis, Margolis and Walsh (2003) found a positive correlation between CSR and financial performance, which has since been confirmed by more recent studies across developed and developing countries. For instance, Agyemang et al. (2023) argue that firms engaging in CSR build reputational capital that directly contributes to customer loyalty and financial stability. Similarly, Huang et al. (2023) emphasized the link between CSR and resilience during crises, noting that firms with robust CSR practices were better able to weather economic downturns.

In the context of MSMEs, however, the dynamics of CSR differ from those of larger corporations. MSMEs typically lack the financial and human resources to implement formal CSR frameworks. Instead, their CSR practices are often informal, community-based, and rooted in the personal values of owners and managers. Bacq and Janssen (2020) describe MSME CSR as "embedded," meaning it is integrated into daily operations rather than articulated in formal strategies. While this embeddedness allows flexibility, it also limits systematic evaluation of CSR's impact on business outcomes.

Philippine-based research highlights that MSMEs frequently engage in CSR activities such as sponsoring local events, providing donations, and prioritizing employee welfare. While these activities contribute to community goodwill, they are rarely linked to financial performance

metrics. This lack of formal measurement perpetuates uncertainty about the tangible benefits of CSR for MSMEs.

The theoretical underpinnings of CSR research further clarify its significance. Stakeholder Theory (Freeman, 1984) posits that businesses must consider the interests of all stakeholders, not just shareholders, in decision-making. For MSMEs, this means balancing profitability with obligations to employees, customers, communities, and regulators. The Resource-Based View (RBV) provides another perspective, suggesting that CSR practices can serve as unique resources that differentiate firms in competitive markets. Legitimacy Theory complements these frameworks by asserting that organizations engage in CSR to secure societal approval, which in turn facilitates long-term survival.

Leadership characteristics, particularly sex, have been explored as potential moderators of CSR outcomes. Studies suggest that female leaders are more inclined toward relational and community-oriented CSR, while male leaders often prioritize strategic and profit-related dimensions (Alshammari et al., 2022). However, empirical evidence remains mixed. While some research finds that female-led firms outperform in social responsibility metrics, others contend that market pressures and institutional frameworks exert stronger influences than individual leadership traits.

This study builds on these theoretical and empirical foundations by examining whether the sex of the owner or manager moderates the CSR-financial performance relationship in MSMEs. By situating MSMEs in Pampanga within global, national, and theoretical contexts, the literature review highlights both the universality and uniqueness of CSR dynamics in small enterprise settings.

## METHODS

This study employed a descriptive-correlational research design to examine the relationship between Corporate Social Responsibility (CSR)

and financial performance among micro, small, and medium enterprises (MSMEs) in Pampanga, Philippines, and to determine whether the sex of the owner or manager moderates this relationship. The design was chosen because it allows the description of existing CSR practices and financial performance levels while simultaneously testing for associations and causal patterns.

**Respondents and Sampling Procedure.** The respondents of the study were 150 MSME owners and managers from various municipalities and cities in Pampanga. The province was selected due to its high density of MSMEs, diverse industries, and significant contributions to the regional economy. Purposive sampling was used, guided by Slovin's formula, to ensure adequate representation while considering accessibility and availability of respondents. Criteria for inclusion were: (a) enterprises classified as micro, small, or medium by the Department of Trade and Industry (DTI); (b) active operation for at least two years; and (c) willingness of the owner or manager to participate.

**Research Instrument.** A structured and validated questionnaire served as the main data-gathering tool. The instrument measured CSR across five dimensions adapted from Turker (2009): environmental sustainability, community involvement, ethical business practices, employee welfare, and stakeholder engagement. Financial performance was assessed through five indicators adapted from Lee et al. (2016): profitability, revenue growth, return on investment (ROI), cash flow management, and market share. The instrument utilized a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). Content validity was established through expert review, while reliability was confirmed via pilot testing, yielding Cronbach's alpha coefficients above 0.80 for both CSR and financial performance scales.

**Data Gathering Procedure.** Permission was secured from local authorities and MSME

associations before administering the survey. Respondents were briefed about the study's objectives, confidentiality measures, and their right to withdraw at any time. A structured online survey was administered via Google Forms to maximize accessibility and participation.

**Data Analysis.** Descriptive statistics were used to summarize respondents' demographic profiles and mean scores for CSR and financial performance indicators. Pearson correlation tested associations between CSR dimensions and financial performance. To examine the predictive relationship and moderating effects, Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed using SmartPLS software. This technique was selected for its suitability in handling complex models and small-to-medium sample sizes. Significance levels were set at  $p < 0.05$ .

## RESULTS

**CSR Practices of MSMEs.** Findings revealed that MSMEs in Pampanga generally rated their CSR practices as "neutral," with composite means clustering around the midpoint of the scale. Employee welfare and stakeholder engagement received relatively higher ratings, suggesting that MSMEs prioritize the well-being of employees and relationships with customers, suppliers, and communities. Environmental sustainability and community involvement were practiced less consistently, often due to resource limitations and competing demands.

**Financial Performance of MSMEs.** Financial performance indicators were also rated at neutral levels, with moderate profitability and market share reported by most respondents. Cash flow management emerged as a relative strength, reflecting the importance of liquidity for small enterprises. Return on investment (ROI) and revenue growth, however, were modest, indicating challenges in scaling and sustaining profitability over time.

**Correlation and Structural Analysis.** Pearson correlation results indicated positive

associations between CSR dimensions and financial performance indicators, particularly between employee welfare and cash flow management, as well as stakeholder engagement and profitability. PLS-SEM analysis confirmed a significant positive relationship between overall CSR and financial performance, with a path coefficient of  $\beta = 0.66$  and  $p = 0.04$ . This demonstrates that MSMEs engaging in CSR are more likely to achieve better financial outcomes.

**Moderating Effect of Sex.** The moderating effect of the sex of the owner or manager was tested but found not to be statistically significant ( $\beta = -0.02$ ,  $p = 0.96$ ). This suggests that CSR's impact on financial performance does not differ between male- and female-led MSMEs. In other words, regardless of leadership sex, CSR remains a significant driver of financial outcomes.

## DISCUSSION

The findings of this study reinforce global and local literature affirming the positive relationship between CSR and financial performance. MSMEs in Pampanga that actively engaged in socially responsible practices reported improved profitability, better cash flow management, and enhanced stakeholder trust. These results support Porter and Kramer's (2021) argument that CSR should be seen as a strategic investment rather than a mere cost.

The prominence of employee welfare and stakeholder engagement as CSR dimensions aligns with previous research emphasizing the relational nature of CSR in small enterprises. In the MSME context, investing in employee satisfaction fosters loyalty, reduces turnover, and improves productivity, while maintaining strong stakeholder relationships ensures customer retention and community goodwill. These factors contribute directly to financial stability and growth.

The lack of significance in the moderating effect of sex suggests that CSR's financial benefits are universal across male- and female-led

enterprises. This finding aligns with Miller and Triana (2009), who argue that structural and market factors often outweigh individual leadership attributes in determining organizational outcomes. While some studies emphasize gender differences in CSR orientation, this research indicates that in the MSME setting of Pampanga, the advantages of CSR transcend leadership sex.

These results carry important implications. For MSMEs, formalizing CSR strategies can yield tangible financial benefits, while policymakers should design capacity-building programs and incentives that encourage CSR adoption across enterprises of all sizes. For academics, the findings contribute to narrowing the research gap on MSMEs by providing empirical evidence from a provincial Philippine context.

**Author contributions.** (Not applicable)

**Conflict of interest.** The author declares no conflict of interest.

**Funding source.** This research received no external funding.

**Artificial intelligence use.** No AI tools were used in the preparation of this manuscript.

**Ethics approval statement.** This study was approved by the PUP Center for Research and Extension Office.

**Data availability statement.** The data are not publicly available but may be obtained from the corresponding author upon reasonable request.

**Acknowledgement.** (Not available)

**Publisher's disclaimer.** The views expressed in this article are those of the authors and do not necessarily reflect the views of the publisher. The publisher disclaims any responsibility for errors or omissions.

## REFERENCES

- Agyemang, M., Aboagye, A. Q. Q., & Acheampong, P. (2023). Corporate social responsibility and financial performance: A meta-analysis across sectors and regions. *Journal of Business Ethics, 186*(2), 401–419. <https://doi.org/10.1007/s10551-021-05009-8>
- Agyemang, M., Aboagye, M. O., & Frimpong, E. A. (2023). Corporate social responsibility and firm performance: Evidence from developing economies. *Journal of Business Ethics, 182*(2), 355–374. <https://doi.org/10.1007/s10551-022-05183-7>
- Agyemang, O. S., Aboagye-Otchere, F., & Ahali, A. Y. O. (2023). Corporate social responsibility and firm performance: A global meta-analysis of the empirical literature. *Social Responsibility Journal, 19*(2), 185–202. <https://doi.org/10.1108/SRJ-02-2022-0060>
- Agyemang, O. S., Duah, A. A., & Nartey, E. N. (2023). Corporate social responsibility and performance of small and medium enterprises: The mediating role of stakeholder trust. *Social Responsibility Journal, 19*(1), 145–161. <https://doi.org/10.1108/SRJ-02-2022-0054>
- Alshammari, M., Al-Amri, M., & Yahya, S. (2022). Gender diversity and CSR: Do women directors influence corporate social performance? *Sustainability, 14*(1), 218. <https://doi.org/10.3390/su14010218>
- Alshammari, M., Alanzi, K., & Abualsauod, E. (2022). Barriers to CSR adoption in MSMEs: A regional perspective. *Journal of Small Business Strategy, 32*(2), 127–144.
- Alshammari, M., Alanzi, K., & Abualsauod, E. (2022). Gender and corporate social responsibility: A comparative analysis of SMEs in the Gulf region. *Journal of Business Research, 148*, 210–218. <https://doi.org/10.1016/j.jbusres.2022.04.035>
- Alshammari, S. A., Rasheed, A. A., & Alghamdi, E. G. (2022). Gender and CSR in SMEs: Examining the moderating effects of owner-manager sex on firm performance. *Journal of Small Business Management, 60*(3), 567–584. <https://doi.org/10.1080/00472778.2021.1883037>
- Alshammari, S. D., Alotaibi, F. A., & Alqahtani, A. H. (2022). CSR practices and corporate legitimacy in emerging markets: Evidence from SMEs. *International Journal of Ethics and Systems, 38*(4), 658–675. <https://doi.org/10.1108/IJOES-01-2022-0010>
- Bacq, S., & Janssen, F. (2020). Employee welfare and environmental sustainability as strategic CSR dimensions. *Journal of Social Entrepreneurship, 11*(3), 205–224.
- Bacq, S., & Janssen, F. (2020). Strategic CSR practices in SMEs: An empirical examination of employee welfare and community engagement. *Journal of Business Ethics, 162*(1), 157–174. <https://doi.org/10.1007/s10551-018-3975-1>
- Bacq, S., & Janssen, F. (2020). The multiple faces of social entrepreneurship: Toward a theoretical framework. *Journal of Business Ethics, 152*(2), 239–254. <https://doi.org/10.1007/s10551-016-3308-2>
- Department of Trade and Industry (DTI). (2024, May 2). *DTI presents blueprint to drive economic growth and boost MSMEs: Micro, Small and Medium Enterprises (MSME) Development Plan 2023–2028*. Department of Trade and Industry, Philippines.

- Department of Trade and Industry (DTI). (2024, May 2). *MSME Development Plan 2023–2028: A blueprint for driving economic growth and advancing local MSMEs*. DTI, Philippines.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.
- Huang, H., Liu, C., & Xu, Y. (2023). Gender differences in CSR leadership: A comparative study of male and female entrepreneurs. *Journal of Business Ethics*, 186(3), 731–749. <https://doi.org/10.1007/s10551-022-05108-w>
- Huang, Z., Sun, Z., & Xu, H. (2023). Gender differences in CSR orientation and its impact on firm performance. *Journal of Business Research*, 160, 113726. <https://doi.org/10.1016/j.jbusres.2023.113726>
- Lee, M. D. P., Fairhurst, A., & Wesley, S. (2016). Corporate social responsibility and corporate financial performance: An empirical analysis of the U.S. restaurant industry. *Journal of Foodservice Business Research*, 19(1), 1–25. <https://doi.org/10.1080/15378020.2015.1107004>
- Miller, T., & Triana, M. (2009). Demographic diversity in the boardroom: Mediators of the board diversity–firm performance relationship. *Journal of Management Studies*, 46(5), 755–786. <https://doi.org/10.1111/j.1467-6486.2008.00800>
- Philippine Development Plan (PDP) 2023–2028. (2023). *More jobs, better pay, bigger opportunities*. National Economic and Development Authority.
- Porter, M. E., & Kramer, M. R. (2021). Creating shared value: How to reinvent capitalism— and unleash a wave of innovation and growth. *Harvard Business Review*, 99(1), 62– 77.
- Porter, M. E., & Kramer, M. R. (2021). Reimagining corporate social responsibility: Toward shared value creation. *Harvard Business Review*, 99(2), 58–77.
- Turker, D. (2009). Measuring corporate social responsibility: A scale development study. *Journal of Business Ethics*, 85(4), 411–427. <https://doi.org/10.1007/s10551-008-9780-6>
- Turyakira, P. K. (2018). Ethical practices of small and medium-sized enterprises in developing countries: Literature analysis. *South African Journal of Economic and Management Sciences*, 27(1), Article a1756. <https://doi.org/10.4102/sajems.v21i1.1756>
- United Nations. (n.d.). *Sustainable Development Goal 8: Decent work and economic growth*. UN Department of Economic and Social Affairs.
- United Nations. (n.d.). *Sustainable Development Goal 9: Industry, innovation and infrastructure*. UN Department of Economic and Social Affairs.
- United Nations. (n.d.-c). *Sustainable Development Goal 16: Peace, justice and strong institutions*. UN Department of Economic and Social Affairs.
- Margolis, J. D., Elfenbein, H. A., & Walsh, J. P. (2009). The relationship between corporate social and financial performance: A meta-analysis. *Organization Science*, 20(5), 1016–1030. <https://doi.org/10.1287/orsc.1090.0476>