CORPORATE SOCIAL INITIATIVES IN THE PHILIPPINES: EXPERIENCES OF FOUR MAJOR CORPORATIONS

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ABSTRACT

While philanthropy is still largely regarded as "icing on the cake" (Caroll, 1991), some large Philippine companies have been engaged in philanthropic activities in light of the government's failure to adequately address social problems such as poverty, joblessness, and hunger. For some companies, corporate philanthropy has evolved from simply transferring resources (i.e., corporate giving) to being directly involved in community-based programs. When these corporate social initiatives (CSI) bring "social and economic goals into alignment" and improve a company's long-term business prospects, they enhance the competitive context of the corporation (Porter & Kramer, 2002), and provide strong justification for sustained philanthropic efforts. This paper presents the experience of four major Philippine corporations in implementing CSIs that provide both social and business value, thus adding to the empirical evidence supporting Porter and Kramer's proposition.

INTRODUCTION

Noted CSR scholar Archie Carroll (1991) says that businesses have four responsibilities: economic, legal, ethical, and discretionary (or philanthropic). While society might expect businesses to fulfill all of these responsibilities simultaneously, companies have historically placed an initial emphasis on their economic responsibilities, followed by their legal responsibilities, and only later, their ethical and discretionary responsibilities.

Recent studies show that companies facing concerns along economic, legal, or ethical dimensions are more likely to allocate their resources toward addressing these concerns before engaging in philanthropic activities. Nobel Prize winner Milton Friedman's (1970) contention that social spending by business comes at the expense of profitability seems to hold a decade into the 21st century. This validates Carroll's (1991) observation that most companies still saw philanthropy as "icing on the cake."

In a developing country like the Philippines, corporate philanthropy is often seen as a way to augment the government's efforts to address pressing social problems such as poverty, joblessness, homelessness, and hunger (Habaradas, 2011a).

Going by the internationally-accepted definitions of poverty, the Philippines still has a long way to go to match the records of its neighbors Malaysia and Thailand, which have practically eradicated extreme poverty (i.e. percentage of the population living on less than $1.25 per day). Even Indonesia and Vietnam have done better than the Philippines in this regard (see Table 1).

Table 1: Poverty Rates of Selected Asian Countries at International Poverty Lines

Country	Survey year	Population below $1.25 a day	Population below $2.00 a day
Bangladesh	2005	49.6	81.3
Cambodia	2004	40.2	68.2
China	2005	15.9	36.3
India	2004-05	41.6	75.6
Indonesia	2005	21.4	53.8
Lao PDR	2002-03	44.0	76.8
Malaysia	2004	< 2	7.8
Pakistan	2004-05	22.6	60.3
Philippines	2006	22.6	45.0
Sri Lanka	2002	14.0	39.7
Thailand	2004	< 2	11.5
Timor-Leste	2001	52.9	77.5
Vietnam	2006	21.5	48.4
Source: Poverty Data: A supplement to the World Development Indicators 2008. World Bank			

Not surprisingly, a substantial number of Filipinos have suffered from involuntary hunger. A survey conducted by the Social Weather Station (SWS) on March 19-22, 2010 revealed the proportion of families that experienced involuntary hunger at least once the past three months was 21.2%, or an estimated 4.0 million households. This was far above the 1998-2010 average of 13.4% (SWS, 2010, as cited in Habaradas, 2012). That the unemployment and underemployment rates have remained fairly constant over the past five years (see Table 2), even as the population continued to grow, has probably aggravated the situation.

Table 2: Employment Statistics, January 2006-2010

Period	Labor force participation rate	Employment rate (in %)	Unemployment rate (in %)	Under-employment rate (in %)
Jan 2010	64.5	92.7	7.3	19.7
Jan 2009	63.3	92.3	7.7	18.2
Jan 2008	63.4	92.6	7.4	18.9
Jan 2007	64.8	92.2	7.8	21.5
Jan 2006	63.8	91.9	8.1	21.3
Source: NWCB, www.nscb.gov.ph/sectstat/d_labor.asp				

Clearly, the sustained economic growth registered by the Philippines over the past decade, which accelerated to 7.9% in the first semester of 2010, has yet to trickle down to the masses (Habaradas, 2012). The situation in the Philippines brings to mind the rather colorful quotation attributed to multi-awarded American screen and stage actress Rosalind Russell: "Life is a banquet, and most poor suckers are starving to death."

CORPORATE CITIZENS' TO THE RESCUE

"So massive and pervasive is poverty in our country that our response to it cannot be small". This is according to Tony Meloto (2009), who received the Magsaysay Award for Community Leadership in 2006 for his work as founder and primary mover of Gawad Kalinga, a Philippine-based NGO that has mobilized "a massive army of volunteers who are working together in *bayanihan* (cooperation) to bring about change and to restore the dignity of the poorest of the poor" (Gawad Kalinga, 2009).

To win the battle against poverty, various sectors, including business, government, academe, and NGOs must contribute their share. Big Business, in particular, is expected to take an active role by exercising corporate social responsibility, especially in the form of corporate philanthropy. "With poverty as a major social pressure point," according to Roman (2007), "government capacity to deliver social equity is stretched, and business is called upon to 'take up the slack.'"

This position is supported by Teehankee (2007), who presents a compelling case on the inherent responsibility of corporations to contribute to social development. He argued that since corporations are allowed to exist only by virtue of a 'social license' granted by society through the government, they are "not simply an instrument of private property that can be used for the private interests of shareholders at the expense of other stakeholders and society as a whole." The Philippine corporation, according to him, must be socially responsible because it was created by State policy "to promote the good of society and to spread the benefits of capitalism for economic and social development." He added that "in light of the grave social inequality in Philippine society, the responsibility of corporations has become more critical than ever."

Fortunately, more and more businesses in the Philippines have become responsible corporate citizens, and have allocated substantial resources for philanthropic activities. For many companies, philanthropy takes the form of charitable contributions. For some, corporate philanthropy has shifted from charity (i.e., corporate giving) to building partnerships with the community (Alfonso, 2005, as cited by Roman, 2007).

Companies have become aware of the dangers of creating a situation in which beneficiaries are no longer better off because they have become dependent on dole-outs, rather than becoming self-sufficient. Thus, more companies are getting involved in 'community relations', which refer to the direct involvement of the company in community-based programs either by themselves or in collaboration with other organizations, whether these are businesses, non-government organizations, or government agencies (Alfonso and Amacanin, 2007). Collaborative arrangements are especially valuable because they allow for the pooling of resources and expertise. This results into greater benefits for the community. A related concept is community investment, or corporate social initiative, through which companies are directly involved in, and provide resources to, community projects (Hess and Warren, 2008).

Worth higlighting are CSIs that fall under what Michael Porter and Mark Kramer (2002) label as strategic philanthropy. According to them, strategic philanthropy "brings social and economic goals into alignment and improves a company's long-term business prospects" by enhancing its competitive context (i.e. the quality of the business environment in the location or locations where they operate). This justifies sustained philanthropic efforts.

Porter and Kramer (2002) presented empirical evidence of how companies utilized philanthropy to influence the four interrelated elements of the local business environment (i.e., factor conditions, demand conditions, context for strategy and rivalry, and related an supporting industries) in ways that enhanced these companies' long-term economic prospects. Cisco Networking Academy, for example, improved demand conditions by helping customers obtain well-trained network administrators. As a result, it increased the size of the market and the sophistication of users, leading to users' interest in more advanced solutions. Another example is Safeco, an insurance and financial services firm, which worked in partnership with nonprofits to expand affordable housing and enhance public safety. As home ownership and public safety increased in its four test markets, insurance sales did too, in some cases by up to 40%. Thus, say Porter and Kramer:

> *When corporations support the right causes in the right ways – when they get the **where** and the **how** right – they set in motion a virtuous cycle. By focusing on the contextual conditions most important to their industries and strategies, companies ensure that their corporate capabilities will be particularly suited to helping grantees create greater value. And by enhancing the value produced by philanthropic efforts in their fields, the companies gain a greater improvement in competitive context. Both the corporations and the causes they support reap important benefits.*

This paper highlights the experiences of four major Philippine corporations in the implementation of corporate social initiatives, and shows how these have created value, both for the company and the community. These cases, which are situated in a Third World setting, provide additional evidence supporting Porter and Kramer's proposition. These companies are Jollibee Foods Corporation, Pilipinas Shell Petroleum Corporation, Ayala Corporation, and the SM Group of Companies.

BRIEF PROFILES OF THE FOUR PHILIPPINE CORPORATIONS

Jollibee Foods Corporation and its subsidiaries, collectively known as "the Jollibee Group", are primarily involved in the development, operation, and franchising of quick service restaurants (QSR) under the trade names “Jollibee”, “Chowking”, “Greenwich”, “Red Ribbon”, “Delifrance”, “Manong Pepe”, “Mang Inasal”, “Yonghe King”, and “Hong Zhuang Yuan”. Jollibee is the biggest fastfood (burger, fries, fried chicken, pizza, and pasta) chain in the Philippines, beating global giants such as McDonalds, KFC, and Pizza Hut (Jollibee, 2009).

Shell Philippines Exploration, B.V. (SPEX) is at the forefront of oil and gas exploration activities in the Philippines. It operates the Malampaya Deepwater Gas-to-Power Project on behalf of the Department of Energy and its partners (Chevron Malampaya LLC and the Philippine National Oil Company – Exploration Corporation). SPEX is one of the Shell companies in the Philippines (SciP), which include various businesses involved in oil and gas exploration, production, oil refining, distribution, sales, and customer service. SciP started its operations in 1914, and has grown to be one of the country’s largest investors, directly employing over 4,000 people nationwide (http://www.shell.com.ph).

Ayala Corporation, which was founded in 1834, is one of the oldest and largest business groups in the Philippines. Employing more than 22,000 employees, it holds interest in businesses in industries such as real estate (Ayala Land), banking and financial services (Bank of the Philippine Islands), telecommunications (Globe Telecom), water distribution (Manila Water), electronics manufacturing services (Integrated Microelectronics), automotive dealership (Ayala Automotive), and business process outsourcing (LiveIt Investments) (Ayala, 2008; Ayala, 2009).

The SM Group of Companies is one of the country’s biggest conglomerates, and has a total of almost 40,000 employees. Its holding company is SM Investments Corporation. It is the Philippines’ leader in the retail industry. Its retail companies include SM Department Store, which is country’s leading one-stop lifestyle and fashion chain; and SM Supermarket, which is the country’s top supermarket chain that has an extensive nationwide presence. Another company, SM Prime Holdings owns and runs world-class malls all over the country, providing millions of square meters of floor area for a fully integrated shopping, dining, and entertainment experience. SM is also a leading player in banking and finance, property development, and real estate investment industries.

All four corporations have created foundations that take the lead in implementing their corporate social initiatives. These are the Jollibee Foundation, Inc. (JFI), Pilipinas Shell Foundation, Inc. (PSFI), Ayala Foundation, Inc. (AFI), and SM Foundation, Inc. (SMFI).

HELPING FARMERS BECOME RELIABLE SUPPLIERS

The Farmer Entrepreneurship Program (FEP) is one of the flagship programs of Jollibee Foundation (JF). Formerly known as “Bridging Farmers to the JFC Supply Chain”, the FEP is implemented in partnership with Catholic Relief Services (CRS) Philippines, a non-government organization, and the National Livelihood Development Corporation (NLDC), a government agency mandated to provide credit to farmers through its affiliated microfinance institutions (MFIs).

The FEP is an offshoot of CRS' market linkage project funded by the United States Department of Agriculture (USDA), which assisted 3,000 farmers in Mindanao from 2005 to 2008. Drawing from its experience, CRS came up with an eight-step field agent guidebook "that spelled out market-driven strategies" to link small farmers to institutional markets such as food processors, supermarkets, fast food chains, hotels and restaurants, and institutional caterers (Mariano, et. al., 2011).

However, institutional markets transact in commercial quantities, and only buy produce that meet certain quality standards. Because individual farmers produce small amounts of low value crops with uneven quality, they could not tap lucrative markets, and would usually sell their produce to wet markets, traders, or traders' agents from whom they might receive cash advances for farm production or for their household needs.

JF, CRS, and NLDC believed that this situation can be addressed by organizing these farmers so that they could "provide a stable, diversified source of supply that would meet the required quality standards." Thus, the "Bridging Farmers" program was launched. The pilot projct aimed to: (a) organize farmers into farmer groups to consolidate product supply and pool logistics; (b) assist farmers in value-adding activities and quality compliance; (c) increase farmer knowledge and productivity, reduce costs, and increase competitiveness; and (d) increase incomes and build a more durable trading relationship for small farmers (Mariano, et. al., 2011).

To find out whether this business model would actually work, they tested it in several project sites that were chosen according to the following criteria: (a) the presence of a local institution (i.e., a municipal local government unit, a non-government organization, or people's organization) that JF, CRS, or NLDC had worked with previously; (b) the area has to be an agrarian reform community where credit is available from an affiliated MFI of NLDC; (c) a product that JFC would need in considerable volume must be grown in the area to enable farmers' production to be driven by market opportunities.

Under this program, small-farmers' cooperatives received assistance to develop the farmers' capability to provide the requirements of Jollibee Foods Corporation (JFC) for rice, onion, and vegetables. In 2009, about 300 farmers from the provinces of Nueva Ecija, Nueva Vizcaya, Bukidnon, and Zamboanga Sibugay participated in the program, which provided them with training and technical assistance (e.g., adopting effective farming technologies like rain shelters to protect crops) (JFI, 2009).

Farmers also participated in "site working groups" (SWGs) consisting of the local agricultural office, microfinance institutions, and research institutions, which helped the farmers organize themselves and develop the agro-enterprise project (JFI, 2009). The SWGs took the lead in gathering information about local farming conditions and market options, and mobilized support for the project, particularly from the local government.

In San Jose, Nueva Ecija, for example, four members of the SWG were constituted into a local research team, which conducted a Product Supply Assessment (PSA) and a Rapid Market Appraisal (RMA). For the PSA, the team organized focused group discussions and interviewed key informants to get data on current production technologies, yield ranges, productions costs and margins, marketing costs, and price behavior. It also looked into financing options for farmers. For the RMA, the team not only interviewed key informants but also did market learning visits to traders in nearby wholesale markets. This was followed by a learning visit to meet JFC's Purchasing, Commissary, Research and Development (R&D) teams, and various consolidators and traders in selected Metro Manila wet markets (Mariano, et. al., 2011).

The results of the PSA and RMA were put together into a report that the SWG analyzed and later presented to a core group of onion farmers in San Jose during a consultation session. The conclusion was clear: "market opportunities such as JFC would remain beyond the reach of small farmers unless they could organize and consolidate a significant product volume for the market" (Mariano, et. al., 2011). This led to the formation of two farmers' clusters, which soon became the KALASAG Farmers Producers Cooperative.

The cluster members were guided on how to prepare an enterprise plan, starting with the consolidation of the following details: (a) planting and harvest calendars, (b) production guide with costs and returns, (c) product quality management plan or the "must do" in harvest and post harvest, and (d) basic policies agreed upon by the members (e.g., monthly meetings, planting schedules, payment of service fees, savings). The CRS staff assisted the farmer clusters in coming up with each of the components of the enterprise plan, namely the market plan, the production supply plan, the business development services plan, and the management and financial plan.

In implementing the agro-enterprise plan, cluster representatives met with JFC several times to process KALASAG's accreditation as a supplier, and to submit product samples for JFC's R&D to assess. The clusters also agreed on the production practices that ought to be adopted to bring down the costs for labor and materials. This served as the basis for their price offer to JFC's Purchasing Department. The farmers then entered into a supply agreement with JFC after getting some training (through role playing) on price negotiations (Mariano, et. al., 2011).

Once the supply agreement was secured, KALASAG arranged for the bulk purchase of onion seeds, fertilizers and other farm requirements using the loan provided by *Alalay sa Kaunlaran, Inc.* (ASKI), an NLDC-affiliated MFI. This was to ensure that its members have available farm inputs that would enable them to comply with their agreed planting calendars. The farmers also attended the Farmer Field School established by PhilRice, a research institution based in the nearby city of Muñoz. The School gathered the farmers monthly to test and develop improved farming practices step by step (from seedling preparation to harvesting), which led to better crop yields and reduced production costs.

Within a year, the San Jose farmers, through KALASAG, successfully delivered 60 MT of onions to Jollibee, which paid them a "fair and just price" (or about 42.5% higher than their traditional markets) for their produce. This allowed the farmers to pay off their loan to ASKI. And because of the attention to detail of the members assigned to post-harvest activities (i.e., sorting, grading, and trucking), KALASAG incurred a rejection rate of only 0.17%. This enabled KALASAG to secure from JFC a second supply agreement of 197.2 MT covering weekly deliveries from February to July 2010 (Mariano, et. al., 2011).

The increase in the production and delivery volume was made possible because of the acceptance of 10 more farmers as cluster members. KALASAG also secured additional loans from ASKI, the Peace and Equity Foundation (PEF), and the Agricultural Credit Policy Council (ACPC) of the Department of Agriculture, which enabled it to pay for additional production inputs, cold storage facilities, and increased post-harvest activities. Prudent financial management resulted in 100% payment of these loans.

Clearly, the farmers of Nueva Ecija, as well as those in other sites in Bukidnon, Misamis Oriental, Nueva Vizcaya, Quezon, and Zamboanga Sibugay, have benefitted in terms of acquiring technical, entrepreneurial, and organizational skills that have resulted in higher incomes and a stable market for their produce. Jollibee also benefits from this arrangement because self-sufficient farmer groups become reliable suppliers for Jollibee's supply chain. And because this CSI is linked to JFC's business structure, it is likely that the program will be sustained, thus benefitting more farmer groups across the country. As JFC Corporate Purchasing Director Ajie Rebaldo said, in a testimonial published in Jollibee Foundation's 2009 Annual Report, the Bridging the Farmers program "has added value and meaning to Jollibee's role in the country's agricultural sector" (JFI, 2009).

HIRING COMMUNITY RESIDENTS FOR INDUSTRIAL PROJECTS

In 1990, Shell Philippines Exploration B.V. (SPEX) signed a service contract with Occidental Philippines, Inc., which the paved the way for investments in oil and gas exploration in Northwestern Palawan. Using advanced exploration technology, the joint venture discovered oil and gas reserves in the Malampaya / Camago field.

In 1998, Shell started its development of the Malampaya field, on behalf of its joint venture partners Chevron Malampaya LLC and the PNOC Exploration Corporation, to enable the production of natural gas in the country (Shell, 2009). The Malampaya Deep Water Gas-to-Water Project, considered the largest industrial investment in the Philippines, extracts natural gas from below the seabed off the coast of Palawan and transports it more than 500 kilometers by undersea pipeline to a natural gas refinery in Batangas City on Luzon Island (Herz, La Vina & Sohn, 2007).

Even before the Malampaya project gained steam and reaped commercial benefits, SPEX consciously integrated the value of sustainable development in its operations. This meant "integrating the economic, environmental and societal aspects of its business activities to ensure resource developments are carried out effectively without compromising the environment." SPEX did this in partnership with PSFI, which, by then, already had a solid track record of implementing social investment projects designed to help disadvantaged people become more productive and responsible members of society (Shell, 2009).

The partnership between SPEX and PSFI gave birth to sustainable development programs in several sites. These include programs in Palawan, the main site and source of deep water gas; in Tabangao, Batangas, where the on-shore gas plant is located; in Subic, where the Concrete Gravity Structure or the base platform was built; and in Oriental Mindoro, where the gas pipelines traverse from Palawan to Batangas (PSFI, 2002). PSFI introduced a comprehensive, though varied, set of interventions meant to enhance the quality of life of residents in the above-mentioned host communities. These programs were introduced after PSFI consulted community members and stakeholders to determine their specific needs (Habaradas, 2012).

In Batangas, PSFI implemented a sustainable development program geared towards helping the communities surrounding the Shell Tabangao Refinery and the Malampaya On-Shore Gas Plant (MOGP). These communities are collectively known as T.A.L.I.M. (Tabangao, Ambulong, Libjo, San Isidro, and Malitam), a Tagalog word that means 'sharp'. This is likely a reference to the 'balisong', a locally-crafted knife for which the province of Batangas is known (Habaradas, 2011a).

PSFI introduced programs that developed the leadership potentials of TALIM youth, strengthened the Barangay Development Councils, and trained women for community service. Using a participatory planning approach to harness the communities' potentials, PSFI supported the local organizations in the community by providing them with various capability building workshops, such as vision-mission-goal exercises and community action planning workshops.

A critical component of PSFI's sustainable development program in Batangas is Job Link, which was a response to expectations that job vacancies created by industrial projects be filled in by residents of the communities hosting the business. When Shell embarked on the construction of the MOGP in Tabangao, thousands of workers were required to put up the plant. Since the locals did not initially possess the skills required by the contractors, Shell considered bringing in workers from elsewhere.

However, local legislation required a minimum of 75% of the workforce of projects to be recruited from the local barangay (community). The consequence of this "was that the project at peak activity had more than 2,000 mainly unskilled local labourers at site, out of a total peak workforce of over 3,000" (Reymert, 2002). To ensure fair recruitment of workers and to promote health, safety and environment (HSE) training, PSFI convened a Job Link committee that included contractors, project managers, and local community leaders.

SPEX implemented an extensive site induction, skills training, and an HSE training program to ensure that the workers were qualified in terms of safe work practices. Workers were provided with basic personal protective equipment (PPE), including safety glasses, and harnesses for those working above 1.5 meters. A site clinic was also established to provide medical services free of charge (Reymert, 2002).

Once the construction phase was completed and the refinery was brought online, Shell needed only about eight people at a time for its operations. PSFI, thus, provided residents with skills training (e.g. animation and electronics) so that they could find jobs in other companies located in Batangas City. PSFI also set up a job placement program to help the trainees find work in other companies that needed their skills (Herz, La Vina & Sohn, 2007).

When the MOGP was completed in 2001, 3,500 residents had benefitted from Job Link, which has since been replicated in some PSFI sites. Through Joblink, PSFI did not only help Shell procure needed talent, but also enhanced the company's standing in the community as a responsible corporate citizen, especially since the foundation initiated other local capability building programs for the youth and the women of the community (Habaradas, 2011a).

CONNECTING PUBLIC HIGH SCHOOLS TO THE INTERNET

Gearing up Internet Literacy and Access for Students (GILAS) was a project organized and implemented by a multisectoral consortium of 25 companies, business associations, and not-for-profit organizations, in partnership with the Department of Education (DepEd) and the Department of Trade and Industry (DTI). The project's goal was to boost the quality of education in the Philippines by connecting all public high schools to the Internet, which is an important tool for communication and for gaining access to information and knowledge.

Launched in January 2005, GILAS built on the achievements of earlier independent efforts, including Ayala Foundation's Youth Tech, which had been providing high school students access to educational materials in the worldwide web the previous four years. In 2001, Ayala Foundation formed the connectEd.ph consortium, together with the Makati Business Club (MBC) and the Philippine Business for Social Progress (PBSP), which also had projects similar to Youth Tech. By 2004, these various efforts had succeeded in connecting 323 schools to the Internet, but this constituted only six percent of the country's 5,443 public high schools at that time (GILAS, 2011a).

Ayala Foundation, Inc. (AFI), under the leadership of Ayala Corporation Chairman and Chief Executive Officer Jaime Augusto Zobel de Ayala, convened the GILAS consortium and organized a steering committee composed of CEOs and top leaders of companies, business associations, and the concerned government agencies. The consortium's task was to scale up what was started by the connectED.ph consortium.

Patterned after the template that had been developed by Youth Tech, the GILAS package consisted of an Internet laboratory with 10 to 20 PCs, local area network, Internet connection with free Internet use for one year, training for teachers and school heads, and technical assistance for one year (GILAS, 2011a).

To determine the schools that will receive the GILAS package, AFI coordinates with the DepEd division office in target cities or municipalities. It then conducts a division-wide orientation of schools. This is followed by ocular visits to individual schools, during which the

AFI staff assesses the situation of the school in terms of information and communication technology (ICT). After the visit, AFI prepares a shortlist of schools that qualify as GILAS beneficiaries.

According to Joysen Accad, Senior Development Associate, and Mary Rose Erika Barja, Development Associate of the Education and Leadership Development unit of AFI, an important consideration is whether the school has electricity, and whether it has a place where the computers can be secured against theft. The school principal charge must also commit to the maintenance of the computer laboratory and the equipment.

Once the schools have been identified, AFI approaches the LGU to which the schools of a particular division belong. AFI would typically talk to the city mayor, who must be convinced to participate in the 50:50 funding scheme for the project. Thus, if several schools in the city's jurisdiction require P1 million to connect them to the Internet, AFI offers to invest P500,000 from donations of the private sector, if the city government agrees to put up an equivalent amount as its counterpart. In cases when the city government does not have enough funds, AFI would go to the provincial governor or the district's congressman to seek additional funding support. The participation of the local government unit (LGU) ensures ownership on the part of the community (Habaradas, 2012).

In the beginning, though, GILAS had to rely largely on private sector support, according to Julie Bergania, Manager of AFI's Center for Social Development. "During the first two years of GILAS," she said, "we mostly used funds raised from the private sector. Our partnership with the LGUs was not that strong. But we eventually realized that LGUs have the potential to be a partner because they have the funds" (personal communication, March 30, 2011).

Once the funding has been secured and the beneficiary schools have been identified, AFI contacts the school principal and orients him or her about the packages that will be received by the school. It is made clear to the school that it is its responsibility to secure and maintain the computer units, to maximize the utilization of the computers, and to provide the computer cabinets, computer tables, and the Internet subscription beyond the first year.

The GILAS team then coordinates with the school and the supplier of the computer units, and prepares the necessary paper work (e.g. requisition forms) so that the deployment, installation, and networking of the computers can proceed as scheduled. Once the hardware is in place, the GILAS staff contacts the DepEd division coordinator so that teacher training can be scheduled for teachers in a particular area. The three-day training includes modules on basic computer literacy, Internet use, and network maintenance and administration. The GILAS team also provides the schools with technical support for one year, and assists the teachers-in-charge whenever they need to do some troubleshooting (Habaradas, 2012).

In 2009, the DepEd backed up its support for GILAS by providing a monthly subsidy for schools to cover the Internet service fees, which was a major step towards ensuring GILAS' sustainability. This was a major boon for Globe Telecom, the Ayala's telecommunications subsidiary, which previously shouldered the fees. Interestingly, DepEd's move also benefitted

Globe's major competitor PLDT-SMART, which is also a member of the GILAS Consortium. The irony was not lost to AFI President Victoria Garchitorena, who observed that "the GILAS program is an excellent example of what can be achieved when parochial interests are put aside" for a noble goal (GILAS, 2011b).

By October 2011, GILAS had provided computer labs with Internet access for about 4.4 million students in 3,306 public high schools. GILAS had also trained 13,538 teachers to improve their competency in Internet-assisted instruction, as well as 542 school principals and their assistants on ICT leadership (GILAS, 2011a).

A large part of GILAS' success was due to an effective resource mobilization strategy that focused on four donor groups – private corporations, government, overseas Filipinos, and the general public. GILAS was able to generate P365 million-worth of funds and in-kind donations such as hardware, software, teacher training, Internet use, and educational content or materials. Resources generated from the non-government sectors were used as leverage to obtain counterpart funding from the local government units (LGUs) through a 50:50 cost-sharing scheme (GILAS, 2011a).

The DepEd, under the leadership of Education Secretary Br. Armin Luistro FSC, has since taken on the challenge of continuing the work of GILAS after a turnover ceremony in Dusit Thani Hotel on November 21, 2011. This is the first private initiative in education that will be scaled up by the government (GILAS, 2011b).

More than the revenues that Globe has generated from Internet service fees, the larger benefit Ayala Corporation has derived from the GILAS experience would be the building of social capital with its business partners and with local governments throughout the country. The goodwill generated from this collaborative undertaking, while not immediately quantifiable, will prove valuable for Ayala companies wherever they operate in the Philippines. Moreover, the successful turnover of GILAS to government cements the reputation of Ayala Corporation as a visionary and innovator both in the fields of business and social development.

OUTREACH PROGRAMS AT SM SUPERMALLS

SM Supermalls have become ubiquitous in major urban areas in the Philippines. They offer varied opportunities for millions of Filipino families to shop, dine, watch a movie, or just unwind. Given the volume of people who frequent these malls, thousands of entrepreneurs find these malls a lucrative place to do business and grow.

Recognizing the extensive reach of SM malls, SM Foundation, Inc (SMFI) saw this as an opportunity to help the less-privileged through its 'Mall-based Outreach' program, which includes quarterly campaigns. 'Share Your Extras', for example, encourages shoppers to donate apparel, household items, furniture, food, and other items by dropping them off in booths that were put up in different areas in SM malls. In 2009 alone, the campaign distributed donations to 10,000 families or approximately 50,000 individuals in 12 municipalities, eight cities, 93 barangays, and 16 welfare institutions. For this, SMFI partnered with the Department of Social Welfare and Development (DSWD), various local government units, and with local media entities (SMFI, 2009).

The outreach program includes a book donation drive, which generates donations from shoppers and publishing companies. Donated books are distributed to thousands of public schools, libraries, and day care centers nationwide. SMFI also conducts a medicine drive, which is supported by pharmaceutical companies, who donate medicines that are dispensed to patients during the foundation's medical missions in various parts of the country. In 2011, SMFI gave away 183,485 books to 1,238 beneficiaries through its Donate-a-Book project, and distributed P1.18 million worth of medicine through its *Gamot Para sa Kapwa* project (SMFI, 2011).

Every Christmas, the Foundation also invites mall-goers to 'Share-A-Toy' through drop-off points at SM Supermalls. In 2009, donated toys were distributed to almost 11,000 indigent children in depressed areas, government hospitals, and charitable institutions. This Christmas campaign also includes 'Make A Child Happy', which gathers underprivileged children in various SM malls for a day of fun-filled activities (e.g., songs and dances, party games, and kiddie rides) and gift giving (SMFI, 2009).

While the social value of SMFI's Mall-based Outreach program can be easily quanitified through the number of beneficiaries, the business value of this philanthropic activity is more difficult to gauge. It is conceivable, though, that individuals and groups that go to the mall to give their donations are likely to spend money while they are there. More importantly, these outreach activities enhance the image and reputation of SM Supermalls, which according to SMFI's Mall Outreach Program Manager Bob Navida, have become venues "not just for commerce leisure, but for selfless sharing, as well" (SMFI, 2009).

SUMMARY AND CONCLUSIONS

This paper provides additional empirical evidence, this time from a developing country, that supports the proposition of Porter and Kramer (2002). They advocated the adoption of a strategic approach to philanthropy to improve a company's competitive context, which consists of four interrelated elements of the local business environment that shape potential productivity. According to them, these elements are:

- factor conditions – availability of high quality, specialized inputs such as human resources, capital resources, physical infrastructure, administrative infrastructure, information infrastructure, scientific and technological infrastructure, and natural resources;
- demand conditions – presence of sophisticated and demanding local customers, presence of local demand in specialized segments that can be served nationally and globally, and presence of customer needs that anticipate those elsewhere;

- context for strategy and rivalry – presence of local policies and incentives (e.g., intellectual property protection) that encourage investment and sustained upgrading, and presence of open and vigorous local competition; and
- related and supporting industries – presence of capable, locally based suppliers and companies in related fields, and presence of clusters instead of isolated industries.

The case of Jollibee showed how a company helped poor farmers improve their lives by providing them with skills that enabled them to be integrated in the company's supply chain (i.e., related and supporting industries).

The case of Shell showed how dialogue between contractors, project managers and community representatives resulted into a viable training program that addressed both the company's need for skilled workers (i.e., factor condition) and the community's expectation for Shell to hire local talent.

The case of Ayala highlighted how collaboration between the public and the private sectors, and also between business partners (and even competitors), resulted into a large-scale program that cannot be done by a single organization. This eventually led to the decision of the national government to scale up the project, which opened up opportunities for additional business for the telecommunication companies that were part of the GILAS consortium. This is a clear case of an improvement in the context for strategy and rivalry.

Finally, the case of SM illustrated how a company involved both its customers and mall vendors (e.g., book publishers and pharmaceutical companies) in its philanthropic activities, which conceivably resulted into increased patronage and stronger loyalty for the company (i.e., demand conditions).

A closer examination of the experiences of these four companies also revealed important insights on what factors contribute to meaningful corporate social initiatives. Drawing inspiration from the works of noted CSR scholars such as Hess and Warren (2008), I propose that meaningful corporate social initiatives have the following characteristics: (a) they address pressing social needs; (b) they are driven by corporate values and leadership; (c) they adopt a relational approach, not only in dealing with community members or beneficiaries, but also in involving various stakeholders; (d) they are shaped by learning and innovation; and (e) they exhibit managerial accountability (Habaradas, 2012). I intend to test this proposition by studying the CSIs of other Philippine firms.

In conclusion, the experiences of Jollibee, Shell, Ayala, and SM are proof that social responsibility and business performance don't have to be mutually exclusive. The truly meaningful corporate social initiatives are the ones create value for both business and society.

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