

Corporate Social Responsibility and Financial Performance of Automotive Companies: A Basis for Corporate Social Responsibility Framework

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ABSTRACT

This study determined the relationship between corporate social responsibility (CSR) activities and the financial performance of automotive companies in Tuguegarao City, Cagayan, using data from 2020-2022. Descriptive statistics, financial metrics analysis, ANOVA, and Chi-Square Pearson tests were employed. Results showed that while environmental and ethical CSR initiatives were emphasized, economic community development was less prioritized. No significant differences were found in CSR activities based on firm profiles, and there was no significant link between CSR activities and financial performance. The study recommends a more balanced CSR approach, with greater emphasis on local economic development and partnerships with community and educational institutions. Due to limitations in sample size and data variety, future research should involve a broader participant base.

Introduction

Corporate social responsibility (CSR) improves corporate performance through stimulating innovation, minimizing expenses, and bringing employees together around significant initiatives. Proper CSR implementation may result in a variety of benefits, including higher profits, lesser expenditures, higher worker efficiency, a stronger brand, capacity for decision-making, and better risk management. CSR comprises environmental, philanthropic ethical, and economic commitments, which are critical for aligning company operations with sustainable development. Environmental and economic responsibilities are particularly significant in the automotive industry, but other CSR aspects improve a company's long-term profitability. Furthermore, it is critical to understand how contextual factors such as firm size and age influence an organization's performance in the automotive sector. Additionally, to increase consumer demand, evaluating how implementing CSR activities, particularly those including ethics, may significantly improve employee engagement by adhering to social responsibility norms is critical. This leads to higher productivity, which immediately impacts earnings.

The automotive sector is one of the world's most significant industrial sectors. Excess capacity, heavy saturation of the market, substantial labor and fixed costs, and the need for continuous innovation and product development define automotive competitiveness. As a result of mergers, only a few global businesses lead the automotive sector, leading to major entry setbacks. This has resulted in a substantially shorter product life cycle, as well as continuous differentiation of brands and models. To increase profitability, manufacturers must focus more on after-sales services due to slim margins (Lee et. al., 2018).

The automotive industry has been frequently criticized for being one of the most damaging economic activities, notably in terms of emissions of greenhouse gases from the vehicles it manufactures. It intends to restore its excellent reputation by creating cleaner(er) products and services, increasing recycling rates, and enhancing the environmental performance of its production processes (J.D. German et al., 2023). The social aspect of corporate social responsibility, or CSR, strives to promote road safety and, in nations where vehicles are manufactured, to protect jobs and salary connections (Chandrasekaran, 2022).

Based on Ron Robins' study findings, the majority of executives thought Corporate Social Responsibility (CSR) might increase profits, and the last thing they would do was eliminate CSR activities (McPeak, 2014). Furthermore, CSR has been determined to have no substantial influence on vehicle firms' financial performance. Only in the cases of ROA and PAT does spending on CSR have a meaningful influence (Gujrati et al., 2018). Finally, White's research revealed that social responsibility has become a hot trend for all organizations, particularly those in the public sector. From a voluntary effort to a legal necessity, there is a clear trend of increased interest in CSR

disclosure among firms compelled to prove they are responsible citizens. (McPeak, 2014)

Despite several studies and analyses, the underpinnings of firms' active involvement in CSR still need to be discovered. The broad significance of what is referred to as CSR for the satisfaction of automotive consumers suggests that in the automotive industry, CSR possibly not just contributes directly to enhanced financial performance by minimizing expenses and uncertainties. However, it may also improve customer satisfaction and perceived value, potentially attracting environmentally or socially conscious customers.

The automotive sector is one of the most internationally diversified, with a dynamic market, intense rivalry, and significant pricing and financial constraints. It is amid a massive revolutionary struggle regarding greener energy, with new mobility methods on the way, and the public is becoming increasingly aware of the adverse effects. In order to address the issue of climate change, it must become more attentive, demanding, and tightly controlled. This study sought to determine the relationship between Corporate Social Responsibility activities and the Financial Performance of automotive companies in a component city in Northern Philippines.

THEORETICAL REVIEW

Conceptual Framework

Porter and Kramer's Creating Share Value concept provided the basis for the present study. It emphasizes policies and operational methods that increase a company's competitiveness while also improving the economic and social conditions in its work areas. The authors proposed that social needs, like more traditional market needs, define markets and create business opportunities. In contrast, the company does not always externalize social harms. However, it frequently results in internal costs, such as wasted energy, raw materials, costs associated with on-the-job accidents, or high employee turnover. As a result, it is desirable and possible to develop company strategies that provide social and economic benefits. By value, the authors mean not just benefits, but benefits relative to costs (Menkes, 2021).

CSR in the automotive sector includes programs focused on environmental sustainability, labor practices, community participation, and ethical supply chain management (Gharib et al., 2022). KLD ratings, multifaceted CC metrics, social reports, environmental reports, and yearly social or environmental disclosure reports have all been used to analyze CSR. The performance of a company is quantified using Return on Asset (ROA), Return on Equity (ROE), and Economic Value Added (EVA) (Priyadarshini et al., 2018). Recent case studies in the automotive sector suggest that CSR measures improve

financial success. Companies like Tesla and BMW have implemented successful CSR strategies resulting in enhanced brand reputation and customer loyalty (Tachizawa et al., 2020) specific factors such as regulatory environment, consumer preferences, technological advancements, and competitive dynamics influence the relationship between CSR and financial performance (Chen et al., 2019). Effective CSR strategies in the automotive industry led to improved brand image, reduced operational risks, and enhanced stakeholder trust, ultimately contributing to long-term financial sustainability (Blanco & Azagra-Caro, 2018).

Automotive Companies

In recent years, the automotive companies has proliferated, not just in developed countries but also around the world. Because of the increase in global market demand, car manufacturers are constantly participating in the production process and earning large profits. On the other hand, these producers are under dual pressure. The first is to comply with the country's environmental laws in order to achieve sustainable development, and the second is to maintain the firm's performance over time. The main issue for these automakers is reducing carbon emissions. These companies are under cost and complexity pressures due to stricter environmental regulations, and they are investing much more in R&D to produce goods that do little or no harm to the natural environment (Lin, 2023). According to Smith et al.'s (2019) research, most automotive companies promote environmental corporate social responsibility (ECSR) to enhance their environmental performance, raise their reputation, and attract environmentally conscious consumers.

Corporate Social Responsibility

Corporate social responsibility is outlined as a business's responsibility to be attentive to the demands of its stakeholders while operating the business. In turn, business executives and their employees have enormous incentives to use the organization's resources to achieve the most significant profits to the level where they disregard their values and ethical commitments as individuals. Because CSR is inextricably tied to Sustainable Growth, businesses should be reinforced to make decisions beyond monetary and economic concerns (Omorio et. Al, 2014). Doe et al. (2021) highlight the increased emphasis on environmental sustainability in the automobile industry, stating that corporations are increasingly adopting techniques that reduce environmental consequences. This includes appropriately treating hazardous chemicals, lowering emissions, and creating more sustainable goods. Wang et al. (2022) investigate the technical innovation aspect of CSR, noting the delayed adoption of alternative fuel technologies due to high R&D expenses and unclear returns. This hesitancy indicates a disconnect between environmental objectives and concrete investments in newer, greener technology. Furthermore, the economic components of CSR, notably customer happiness, are crucial, as Kumar (2020) explain. Their research reveals that automobile businesses frequently employ CSR to increase consumer trust and loyalty, which directly impacts long-term profitability. However, as Zhao et al. (2014) note, investment in local communities—a critical component of economic CSR—is frequently disregarded. This

disparity implies that, while automobile businesses focus on direct consumer connections, more significant economic benefits are occasionally overlooked, possibly due to a priority of immediate commercial demands over long-term community participation.

Supporting staff volunteerism is another way automobile businesses exhibit commitment, as Zheng et al. (2023) highlighted. These activities boost community relations, employee happiness, and corporate morale. Jameaba (2022) believe that educational program financing should be expanded, highlighting a wasted opportunity for automobile businesses to contribute to long-term community development and workforce growth. The ethical dimension of CSR is critical since Lee et al. (2022) emphasize the need for openness and honesty in company processes. These characteristics increase stakeholder trust and strengthen the company's market position. Furthermore, Gjertsen et al (2021) emphasize the employment of persons with disabilities, indicating a rising, albeit limited, commitment to inclusion. The difficulty is completely integrating these ethical principles into basic business strategy, ensuring that they penetrate all levels of operations.

Corporate social responsibility (CSR) has been critical in the manufacturing and production sectors, particularly the automobile industry. Leading automobile manufacturers have recently used various tactics and techniques to enhance their environments on several levels. CSR is an effective strategy for a firm to direct its resources toward accomplishing broader social goals. However, producing profits is no longer sufficient to sustain a firm in the long run. It must now obey the norms and regulations to maintain its brand identity and be considered a responsible actor in the economy (Jung et al., 2019). This includes engaging in economic, social, and environmental actions to improve the community welfare in which the business works.

Financial Performance

The Effect of Corporate Social Responsibility (CSR) on Return on Assets (ROA) in Automotive Companies

The use of CSR may strengthen the economic performance of the organization. The efficacy of social responsibility as a business strategy assists firms in developing effective interactions with stakeholders, expanding the competitiveness of those with an edge in the marketplace, and improving their financial outcomes. The capacity of a firm to generate revenue from its assets is known as return on assets. The more successful the assets are in generating net profits, the greater the return on assets, and the more enticing the firm will be to investors due to the higher rate of return or dividend payments. As a result, by addressing all stakeholders' needs and generating more income from used resources, businesses may improve shareholder welfare by engaging in CSR initiatives. As a result, practicing corporate social responsibility will impact a company's return on assets (Ningsih et al., 2022).

Johnson and Brown (2020) found that automotive businesses with high CSR ratings had operational solid efficiency, which may influence Return on Assets (ROA). This study demonstrates that good CSR practices can enhance resource allocation and operational outcomes, resulting in higher ROA. Research by Bian et al. et al. (2020) performed a meta-analysis of research on CSR and financial success, including ROA, across many industries. Their findings indicate a positive association between CSR activities and ROA, implying that organizations participating in CSR programs will likely earn more significant financial returns. Blanco and Azagra-Caro (2018) comprehensively assessed corporate social responsibility and financial performance in the automobile sector. They discovered evidence that CSR has a beneficial influence on ROA in automotive firms, emphasizing the relevance of environmental sustainability, ethical supply chain management, and community involvement programs. Wang et al. (2018) argue that while CSR measures may improve brand reputation and consumer loyalty, their direct influence on ROA is negligible. This disparity underscores the difficulty of determining direct financial consequences from CSR programs in the automobile industry. Furthermore, Zatira et al. (2022) found that while CSR can lead to greater operational efficiency, the direct relationship to ROA may not always be significant, significantly if CSR investments hinder short-term asset profitability.

The Effect of Corporate Social Responsibility (CSR) on Return on Equity (ROE) in Automotive Companies

Stock prices grow when ROE is high (Matuszak & Róaska, 2017). CSR is an approach that helps accomplish organizational goals. When firms implement CSR, they build a favorable reputation in the community. If a favorable image is established, the firm will obtain public trust and the ability to create consumer loyalty. Customer commitment will increase sales, resulting in more profits. ROE is one way to determine a company's profitability. The higher the ROE, the greater the profits earned by the firm. Recent research has focused on the link between CSR and Return on Equity (ROE) in automotive industries. Iglesias et al. (2024) found that CSR efforts, which frequently involve initiatives for better labor practices and community participation, can result in a more engaged staff and higher brand loyalty. These variables increase corporate valuation and shareholder returns, hence improving ROE. Furthermore, Zatira et al. (2022) discovered that automotive businesses that use strategic CSR strategies frequently have greater investor trust and equity returns. This positive association shows that investors may appreciate the long-term advantages of sustainable practices, resulting in improved financial health and shareholder value. However, Smith et al. (2019) found that the advantages of CSR on ROE are more evident in businesses where CSR is firmly integrated into the primary company strategy rather than viewed as a peripheral activity. The study also emphasized that the benefits of CSR efforts, such as enhanced stakeholder engagement and risk management, may only sometimes result in rapid ROE gains. This conflicting data highlights the need to investigate how CSR affects equity indicators in different market circumstances and firm strategies.

The Effect of Corporate Social Responsibility (CSR) on Net Profit Margins (NPM) in Automotive Companies

The net profit margin indicates the organization's income from each transaction. The greater the net revenue margin, the more effectively the company can pay its operational expenditures. Companies actively participating in CSR efforts will retain an advantageous and societal solid status. Corporate social responsibility disclosure indicates if a company's social duty could boost or diminish revenue generation. Corporate social responsibility elevates net profitability margins because stakeholders participate in the organization's corporate social responsibility initiatives. As a result, corporate social responsibility impacts the net profit margin (Ningsih et al., 2022). Corporate Social Responsibility (CSR) has received much attention over the years as corporations recognize the need to incorporate ethical, social, and environmental factors into their business operations. This literature analysis explores the relationship between the automobile sector's CSR activities and Net Profit Margin (NPM). Several studies have found a beneficial link between CSR measures and financial performance in the automobile industry. Companies that participate in CSR activities see improved brand recognition, customer loyalty, and operational efficiency, all of which contribute to greater profitability (Mahmood et al., 2019).

Furthermore, Iglesias et al. (2024) point out that CSR efforts linked with core company strategy can result in cost savings and market distinctiveness, which may benefit NPM. However, Smith et al. (2019) believe that the expenses of adopting CSR activities might outweigh profit margins, particularly in the near term. The data indicate that while CSR can improve a company's reputation and long-term consumer loyalty, its immediate impact on net profitability must be more consistent and sometimes minor.

Corporate Social Responsibility and Financial Performance

With the development of modern society, people have become more aware of the scarcity of resources. Corporations have been facing higher standards for their performance. Profit has become only one element of measurement for the success of modern corporations. Upper management now has the challenge to satisfy not only shareholders' interest but also the interest of all stakeholders. Firms can profit from initiatives in social and environmental programs consistent with the theory of stakeholder involvement and resource allocation. However, the strategic goals and objectives of individual enterprises will determine the effectiveness of these activities. When combined with an inventive prospector-style strategy, the benefits of CSR surpass the costs. When CSR developments are combined with a suitable company strategy, they have a beneficial connection with future profitability (Chandrasekaran, 2022). High CSR is associated with higher financial growth for businesses, which is an ancient but contentious concept. According to the findings, experimental studies

on previously published works provide significantly different outcomes. CSR and CFP might have a statistically significant positive, negative, or no connection (Wu et al., 2017). Shammari et al. (2022) underline that when integrated adequately into corporate operations, CSR practices may lead to improved financial outcomes across a variety of measures, including ROA, ROE, and NPM. This shows that CSR may have an integrative influence on financial success. Moslemany and Etab (2017) found no significant relationship between the model's independent variables (corporate social responsibility toward the environment, community, customer, and employee) and the dependent variables Corporate Financial Performance (ROA, ROE, NPM, and EPS).

METHODOLOGY

The study utilized a quantitative research design employing descriptive research methods. The study was conducted among automotive companies in a component city in Northern Philippines. The study's respondents were the managers from the automotive companies in Tuguegarao City. Respondents were selected using total enumeration. Survey-questionnaire were utilized as the data collection tool for the purpose of the study. The questionnaire has two sections. The respondents' number of employees and length of service of the automotive companies in Tuguegarao City were profiled in the first section. The respondents rated the automotive companies' performance of their operated CSR activities in the second section. A Likert scale was used in the survey questionnaire, and participants responded as follows for each item: 4 = Always, 3 = Often, 2 = Sometimes, and 1 = Never. Meanwhile, the financial performance was measured by the automotive companies' Return on Asset, Return on Equity, and Net Profit Margin. Data on the financial performance were retrieved from the financial statements of the automotive companies, from years 2020-2022. Descriptive statistics such as percentage and frequency were utilized to describe the profile of the respondents and the CSR activities. The financial performance was analyzed using financial metrics such as return on assets, return on equity, and net profit margin for automotive companies. The following benchmarks for assessing the financial performance of the company was used.

RESULT AND DISCUSSION

Table 1: Profile of the Automotive Company

Profile Variables		Frequency	Percentage
Number of Employees	Less than 10	22	51.10%
	10-20	19	44.20%
	More than 20	2	4.70%
	Total	43	100.00%
Years of Existence	Less than 10	25	58.01%
	10-20	7	16.30%
	21-30	10	23.30%

	More than 30	1	2.30%
	Total	43	100.00

The table above presents the profiles of automotive firms. Most of the automotive companies examined employ less than ten employees, indicating that small-scale businesses dominate Tuguegarao City's automotive industry. However, a sizable proportion of enterprises (44.20%) have between 10 and 20 employees, indicating the prevalence of mid-sized businesses in the industry. The data also shows that just 4.70% of respondents had more than 20 employees, implying that larger automotive firms are less common. In terms of years of operation, a large majority (58.01%) of automotive firms have been in business for less than ten years, reflecting a trend of newer enterprises joining the automotive sector. Furthermore, there is a relatively even distribution across the 10-20 employee range and the 21-30 employee range, with the smallest percentage (2.30%) of companies having been in operation for more than 30 years. Overall, the data shows a dynamic automotive industry landscape with a prevalence of small and new companies, potentially indicating an environment of innovation and entrepreneurship within the sector.

Table 2. Corporate Social Responsibilities Activities Conducted in Years, 2020-2022

Environmental Corporate Social Responsibility	Mean	Qualitative Description
1. Recycling and composting	3.63	Always
2. Adopt energy efficient technologies	3.35	Often
3. Proper use, storage and disposal of hazardous materials	3.77	Always
4. Customer environmental compliance	3.14	Often
5. Eco-friendly processes and products in the supply chain	3.21	Often
6. Reduce consumption of non-renewable resources	3.07	Often
7. Personal environmental awareness training	3.12	Often
8. Purchase packaging materials from recycled materials	2.42	Sometimes
9. Donate to relevant causes and fund research on sustainable materials	2.44	Sometimes
10. Develop alternative fuel technologies	2.37	Sometimes
Economic Corporate Social Responsibility	Mean	Qualitative Description
1. Investing in local communities by contributing to economic development initiatives.	2.42	Sometimes
2. Supporting small and local businesses by sourcing products and services locally	2.77	Often
3. Implementing strategies capable to help investigate consumer satisfaction	3.26	Often

4. Contributes to local economic development through job creation and vocational training	2.67	Often
5. Focusing on developing research on increasing product safety	2.86	Often
Philanthropic Corporate Social Responsibility	Mean	Qualitative Description
1. Supporting employee volunteer programs	3.42	Often
2. Sponsoring community events and initiatives	2.79	Often
3. Funding educational programs	2.21	Sometimes
4. Support health initiatives	2.88	Often
5. Social dialogue and worker Involvement	3.02	Often
Ethical Corporate Social Responsibility	Mean	Qualitative Description
1. Treating employees fairly and providing a safe working environment.	3.72	Always
2. Ensuring that suppliers and partners adhere to ethical standards.	3.81	Always
3. Engaging in transparent and honest business practices.	3.88	Always
4. Employing people with disabilities in order to offer equal working chances	3.26	Often
5. Creating and promoting programs to prevent employee discrimination	3.30	Often

Legend:

3.50-4.00 - Always

2.50-3.49- Often

1.50-2.49 - Sometimes

1.00-1.49- Never

The data presented from the table indicates a significant engagement in environmental responsibility, particularly in the proper use, storage, and disposal of hazardous materials (mean = 3.77). This suggests a high level of commitment among automotive companies to mitigate environmental hazards, likely driven by regulatory requirements and the potential for significant negative publicity associated with environmental mishaps. This conclusion is consistent with the overall industry trend toward environmental accountability, as revealed in Doe et al.'s (2021) investigations, which emphasized an increased corporate emphasis on environmental sustainability standards. In contrast, the development of alternative fuel technologies got the least attention (mean = 2.37). This shows either a need for additional technical competence, funding limits, or a deliberate shift toward other sector innovation areas. This is similar to Wang et al.'s (2022) results, which said that high early R&D

expenditures and unclear ROI discourage some corporations from investing extensively in alternative fuels.

The table also shows that automotive companies frequently assess consumer satisfaction (mean = 3.26), which underscores the importance of maintaining competitive advantage and adapting to market needs. This consumer-focused strategy is crucial for long-term corporate success. This is consistent with Kumar's (2020) findings, which stress the increasing importance of customer feedback in product development and strategic planning. However, investing in local communities through economic development efforts was uncommon (mean = 2.42). This lower participation rate might indicate a preference for direct company operations and core capabilities over broader economic benefits or a strategic assessment of where CSR resources are best invested. This remark is backed by Zhao et al.'s (2014) research, which discovered that more urgent corporate requirements frequently eclipse direct economic contributions.

Meanwhile, it is revealed that support for employee volunteer programs was notably strong (mean = 3.42), indicating that automotive companies value and encourage employee involvement in the community, potentially enhancing corporate image and employee satisfaction. This conclusion is consistent with previous research by Zheng et al. (2023), which indicates that such initiatives may dramatically improve staff morale and brand image. In contrast, supporting educational programs was the least done action (mean = 2.21). This might indicate a strategy concentration on more direct kinds of community participation or a failure to recognize the long-term advantages of educational support. The second view is consistent with Jameaba (2022) findings, which state that long-term expenditures in education are frequently devalued in CSR plans despite their potential for tremendous social influence.

Finally, the data shows that organizations were highly devoted to open and honest business practices (mean = 3.88), likely due to the legal framework and the significant reputational stakes. This is critical for sustaining trust and credibility with stakeholders, as evidenced by the results of Lee et al. (2022), who discovered a substantial correlation between ethical corporate practices and stakeholder trust. Employment of impaired individuals (mean = 3.26) is ordinary but not universal. This shows a rising, yet wholly realized, commitment to inclusion in employment practices, which cultural norms and regulatory frameworks may impact. This remark is consistent with the findings of Gjertsen et al. (2021), who discuss the obstacles and advantages of incorporating inclusion into mainstream business operations.

Table 3. Financial Performance of the Automotive Company Years 2020-2022

Financial Performance		Return on Asset	Return on Equity	Net Profit Margin
High	Equal or more than 20%	22	36	31
Average	6% to 19%	20	7	12
Low	Equal or less than 5%	1	0	0

The table reveals that the majority of automotive companies exhibited robust financial performance from 2020 to 2022, as evidenced by a Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) of 20% or higher. This level of profitability demonstrates suitable management methods and operational efficiency in automotive businesses. Recent research, such as that conducted by Johnson and Brown (2020), supports the idea that excellent financial success in the automobile industry is frequently connected to innovative manufacturing processes and effective market positioning. Furthermore, Zatira et al. (2022) found that high ROA, ROE, and NPM might indicate suitable cost management methods and an adept reaction to global market swings, which is especially important during the economically turbulent time of 2020-2022. These findings suggest that firms with solid financial measures are better positioned to engage in technical improvements and sustainability efforts, potentially giving them a long-term competitive edge in the developing automotive sector.

Table 4. Test of Significant Difference on CSR Activities Performed by Automotive Companies When Grouped According to The Profile

CSR Activities Performed by Automotive Companies	f-value	p-value	Description
Number of Employees	1.896	.084	Not Significant
Years of Existence	1.925	.079	Not Significant

The data presents the outcomes of the significant difference test conducted on CSR activities performed by Automotive Companies when grouped according to respondent profiles. The study shows no significant difference between CSR actions and respondents' characteristics, as demonstrated by p-values of .084 and .079. This implies that, regardless of demographic or organizational features, automobile businesses participate in CSR initiatives to the same amount. These findings are consistent with the previous study by Iglesias (2024), who discovered that CSR participation in the automotive sector is influenced more by external constraints such as legal requirements and stakeholder expectations than by internal variables such as firm size or ownership structure. Furthermore, the lack of substantial variations highlights the universality of CSR as a strategic imperative for automotive businesses in various circumstances, mirroring a more significant trend documented in research by Smith et al. (2019).

Test 5. Test of Significant Relationship On CSR Activities Performed by Automotive Companies and Financial Performance

CSR Activities Performed by Automotive Companies	r- value	p- value	Description
Return on Asset	.000	.518	Not Significant
Return on Equity	.002	.465	Not Significant
Net Profit Margin	.002	.461	Not Significant

The table shows data on the correlation between Corporate Social Responsibility (CSR) activities and financial performance metrics such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) among automotive companies. The results show no significant relationship, with p-values of .518, .465, and .461, respectively. This shows that CSR efforts in the automobile business do not directly relate to immediate financial results. This finding calls into question traditional beliefs that CSR is expected to improve financial performance directly, as shown in industries such as consumer goods, where CSR may significantly impact purchase decisions (Taylor & Smith, 2021). However, as Wang et al. (2022) note, in industries such as automotive, the advantages of CSR may not materialize clearly for financial measurements but instead in improved brand recognition, customer loyalty, and long-term sustainability, which are not instantly measurable.

Furthermore, the findings suggest that the automobile sector's CSR should be considered more than just a financial strategy but a critical operational and strategic integrity component. Indeed, Jung et al. (2019) emphasize that CSR is no longer a luxury but a must for obtaining a company's license to operate in ecologically and socially sensitive markets. The apparent gap between CSR and direct financial success should prompt businesses to embrace responsible practices. Instead, it emphasizes the need for a broader understanding and application of CSR, critical to long-term company sustainability and ethical standing in a global economy.

Proposed Corporate Social Responsibility Framework for The Operation of Automotive Companies

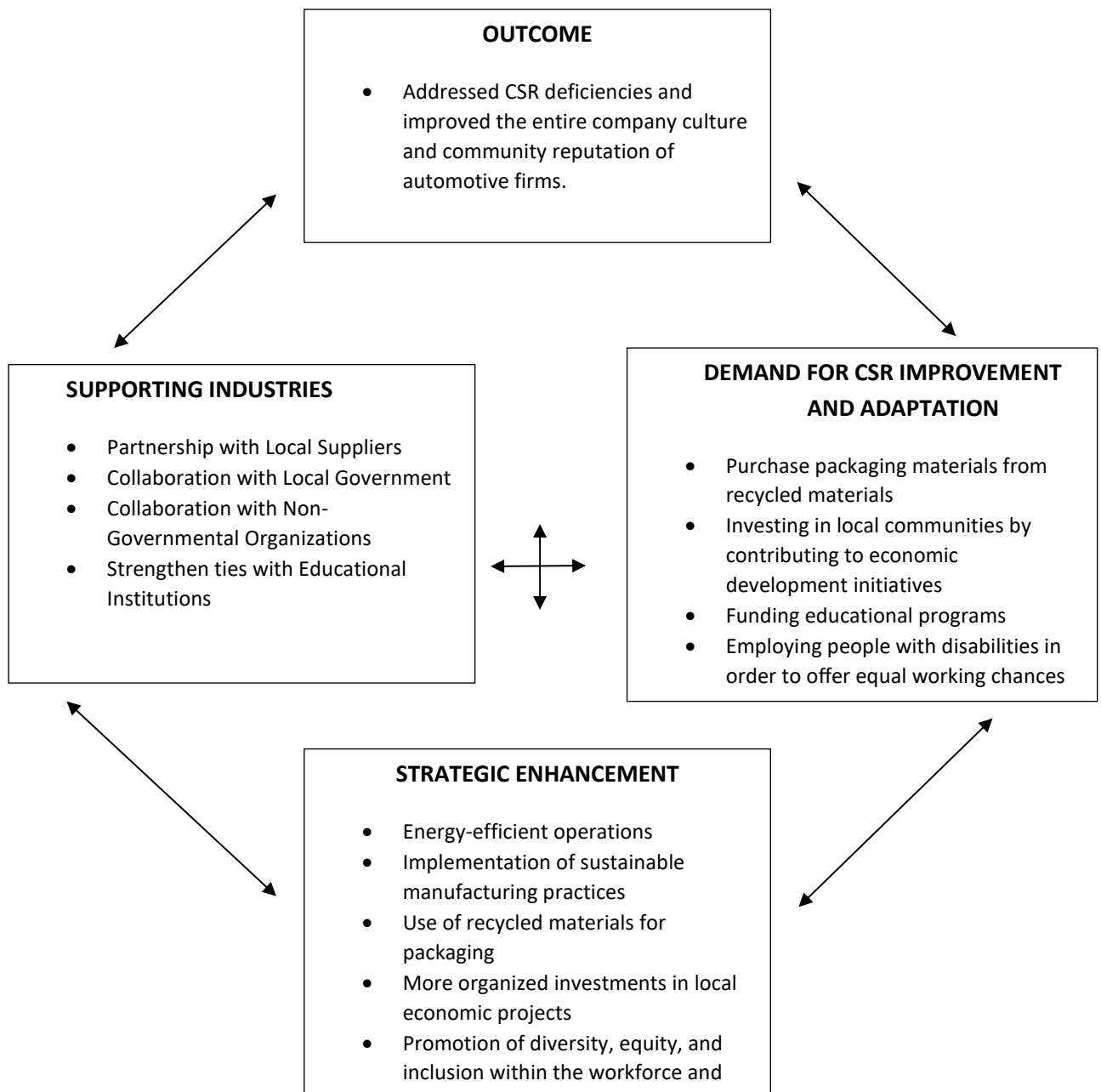


Figure 1. Proposed Corporate Corporate Social Responsibility Framework

Figure 1 presents proposed Corporate Corporate Social Responsibility Framework for the automotive companies. The researchers use an approach comparable to Knudson's (2018) framework adaption based on Porter and Kramer's (2006) study. Automotive firms must also consider the influence of society on their operational environment. To comprehend its outside-in linkages, the business should consider the interaction of four components: the outcome, the need for CSR improvement and adaptability, strategic improvements, and supporting industries. Mapping both the inside-out and outside-in links helps a firm understand where it may add economic, environmental, and social value through an effective CSR strategy.

CONCLUSION

The CSR framework for automotive businesses in Tuguegarao City, Cagayan, should be comprehensive and modified to the industry's characteristics as well as the smaller scale of most organizations, which are often new and have less than ten employees. The plan should prioritize realistic goals that benefit local communities and improve operational sustainability. While firms adequately manage the environmental concerns connected with hazardous products, they invest less in community economic development projects. This disparity underscores the need to balance immediate corporate activities and more significant economic benefits, including collaborating with local governments or non-governmental organizations. Economically, there is a heavy focus on consumer satisfaction but little direct investment in local economies. While substantial philanthropic support for employee volunteerism exists, educational programs receive less financing, highlighting a need for more substantial involvement with educational institutions to assist workforce development. Ethically, businesses are dedicated to transparency and inclusion for persons with disabilities. Despite solid ethical convictions, statistical studies show no clear relationship between CSR and financial success or corporate profiles, emphasizing CSR's long-term value above short-term financial rewards. A complete CSR plan must respond to practical demands and community expectations while improving corporate culture and reputation.

RECOMMENDATIONS

The present study covers only data on the corporate social performance and firm performance of automotive companies in Tuguegarao City, Cagayan, from 2020 to 2022. The following recommendations are offered based on the findings and conclusions of the study. (1) Future research ought to involve a more significant geographic reach and a more extended study duration to capture long-term effects. (2) Future studies should broaden the scope of CSR analysis to include qualitative elements such as CSR initiatives, implementation methodologies, and effect evaluations rather than only quantitative measures. (3) Future

studies should go beyond typical measurements and consider broader factors like brand value, customer loyalty, and long-term shareholder value, which may be more sensitive to CSR impacts. (4) Future research should look at additional control variables that influence the link between CSR and financial performance, such as market conditions, legislative changes, or macroeconomic issues. (5) Future academics should look at how the characteristics of firms (size and age) affect the acceptance and impact of CSR initiatives. Exploring if and how firm size and age influence CSR practices and outcomes might help shape tailored solutions for diverse business characteristics. (6) Additional resources will be allocated to educational initiatives and collaborations with educational institutions to boost workforce development and strengthen community links. (7) Highlight the long-term advantages of CSR activities for sustainability and reputation, even if the immediate cash consequences are not statistically significant, by constantly developing and changing CSR operations to match firm capabilities and community expectations. (8) Further collaboration between automotive businesses and local suppliers is needed to boost the use of sustainable materials in packaging and product manufacturing, contributing to environmental conservation efforts. (9) Automotive companies should prioritize ethical concepts such as openness, honesty, and fair treatment of all stakeholders, including people with disabilities, as a significant component of their CSR strategy.

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