

THE CULTURAL BASIS OF THE GOOD COMPANY CORPORATE SOCIAL RESPONSIBILITY FROM A FILIPINO CHRISTIAN PERSPECTIVE

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Abstract

This paper falls under the category of “Middle Level Thinking”—i.e., “the mediating voice that effectively connects principle and policy” (Maines and Naughton). The main point of the study is the proposition that corporate social responsibility (CSR) and its *first obligation* are deeply rooted in the purpose of business itself as specifically articulated by Pope John Paul II in *Centesimus annus* and empirically illustrated by United Laboratories, Inc., a Filipino model of “The Good Company” inspired by and founded on indigenous Filipino values and the Catholic faith. Unilab, by far the market leader of the Philippine pharmaceutical industry, built its business through an ingenuous combination of world class brands of generic products and a CSR brand that regards the firm’s employees and workers as its *first obligation*.

In general, CSR practices in the Philippines are aimed primarily at poverty alleviation and reduction because of the very high incidence of poverty in the country. Despite the best efforts of dedicated CSR practitioners, however, poverty seems insurmountable. More than alleviated or reduced, poverty must be eradicated and business has a central role to play in that process that no other segment of society can perform—the role of “The Good Company” that is inscribed in the purpose of business.

This paper chronicles an apparent evolution in the thinking of some Philippine business leaders that business’ major responsibility to the poor is to serve their needs in business’ mainstream activities, most especially to generate and provide poor people with employment and other means of livelihood. In effect, systematic work creation is superimposed over “charitable” CSR as the primary means of stamping out poverty—consciously or subconsciously an acknowledgment of the *first obligation* of corporate social responsibility.

The Business of Business

On June 26, 2006, the *Washington Post* ran an editorial entitled “The Business of Business.” The sub-headline was “Expectations of the company are changing.” The piece talked about the dynamics of CSR and “broadly welcomed” the pressure on and evolution of business to act “responsibly.”

The editorial concluded with somewhat of a challenge to “The Good Company” symposium, pointing out that (1) “the emphasis on companies’ social responsibility must be realistic,” and (2) “even though the world has changed, earning a profit by getting excellent goods to customers at the lowest possible cost remains the central purpose of business” (A20). It was not a startling conclusion.

Not only does it have a bit of universal ring to it, but also it sounds like a more relaxed version of Milton Friedman's dictum that "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (*New York Times Magazine* 13 Sept. 1970).

Viewed broadmindedly, the *Post* editorial simply seems to caution that latter day CSR advocates should not stray too far away from "the central purpose of business." Manuel V. Pangilinan, Chairman of Philippine Long Distance Telephone Company and Philippine Business for Social Progress, puts it this way:

All business enterprises—large, medium and small—have an impact on society beyond their established role of providing goods and services for a profit. Businesses do transform societies. They not only shape our physical and virtual worlds, but also create new needs, new hopes, new dreams. Indeed, because of its size and influence, business must carry with it the commensurate measure of responsibility and accountability. This is precisely what establishes the ground for corporate social responsibility. (*Philippine Daily Inquirer* 6 Feb. 2006: E3)

"If we are going to talk about the social responsibilities of business, we need to have a clear idea of what a business is" (Alford, Sena and Shcherbinina). Indeed, to understand the central purpose of business is to understand corporate social responsibility.

The Purpose of Business

"No social analysis is 'value free'" says Peter Henriot (*Social Analysis* 96) and, in light of his counsel, I should "make explicit" from the start that the principal value of this study is the purpose of business according to CST, as articulated by Pope John Paul II in *Centesimus annus*: "In fact, the purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavoring to satisfy their basic needs, and who form a particular group at the service of the whole society" (35).

The explanation in this papal statement of what the *community of persons* does is key to my understanding of CSR. What follows is a pair of mutually reinforcing twin propositions. The first is that CSR, as a function of business, is essentially rooted in the purpose of business itself, thus immediately connecting CSR to CST. The second proposition is that the *first obligation* of CSR is to the employees and workers in the firm just as, in my view, they are the first beneficiary of the business itself.

I shall experientially illustrate the consistency of these assertions with Pope John Paul II's statement on the purpose of business, and then cite the example of a Filipino business firm that has actually lived up to these expectations.

The Heart of Corporate Social Responsibility

If it were not for the probably almost universal belief that the purpose of business is simply to make a profit, maybe there would be no compelling reason to argue on behalf of CSR and CST. Even so, few would have trouble accepting the idea that business must also render important

service to society. But what about the employees and workers in the firm? They often do not get top billing. Frequently they are praised and their value extolled in the last paragraph of the corporate annual report.

In contrast, Andrew V. Abela interprets the concept of *community of persons* satisfying their basic needs as “the most innovative and controversial contribution of *Centesimus annus*” to the question of what the purpose of business is (112). Not only do I fully agree with Abela’s assessment, but also I believe that Pope John Paul II’s emphasis on *community of persons* is unmistakable (i.e., the purpose is in its very existence!) and makes it the most important aspect of the purpose of business.

Quite subconsciously in most cases, business executives actually “feel and live” the purpose of business from day to day. It is not profit that makes them go. It is the sense of satisfaction and accomplishment at the end of each day that they derive from their work, even in those days when they earn no profit and actually even suffer losses. Their sense of satisfaction and accomplishment addresses the very basic need of their human nature, which is the subject of human development. In other words, the more they work, the more satisfied and accomplished they feel and the *more human* they become (*Laborem exercens* 9).

Everybody else in the firm, from middle managers all the way down to the production line, sales units, etc., have the same very basic need to be satisfied and accomplished and to become *more human*, although obviously in different ways and different degrees. As far back as 1957 Pope Pius XII asked the rhetorical question, how can a manager or entrepreneur deny to his subordinates that which he values so much for himself?¹ *His duty to share that which he values most* is the heart of corporate social responsibility and at the same time its *first obligation*.

The business firm as a community of persons organized to achieve a common goal must provide the opportunity and environment for everyone in the firm to fulfill his very basic human needs each according to his ability to contribute. Furthermore, the generation of work for people is not just a by-product of the logistical needs of the business but actually a key reason why the business exists in the first place (Abela 112). If business exists for the good of the people in it, then CSR should likewise *first* look after the good of those people. Just as charity begins at home, CSR must look inward before it looks outward.

Philippine Historical, Cultural and Economic Perspectives

Through more than four centuries of western colonization by Spain and the United States, Divine Providence endowed Filipinos with the gifts of the Catholic faith, democracy, the English language and a deeply embedded fusion of eastern and western culture. The impact of those gifts, most especially the Catholic religion, on the people’s indigenous culture seems to have played a somewhat uncertain influence on the Filipino psyche. The combination of traditional Filipino culture and acquired Catholic faith tends to be portrayed in recent years as a national weakness by both Filipino and foreign critics.

For example, when the Philippines is compared to the tiger economies of its Confucian neighbors, indigenous Filipino values and the Catholic religion are not uncommonly cited as at least part of the explanation for the country’s lagging performance. Filipino values are blamed

for social ills and are deemed to be obstacles to development and a just society² essentially because of their focus on family-centeredness,³ which is a Christian value (Gorospe 22, 213). Furthermore, the Catholic faith is held responsible for the country's high birth rate and sufferance of grinding poverty.⁴

Indeed, there is much to be improved in the Philippine economic, social and political order. Elitist and oligarchic rule in business and government, a legacy of western colonization, has spawned macro economic policies to this day that favor the wealthy to the detriment of the majority of the people. Consequently, the economic sectors vital to countryside development and the employment of the mainly poor population in the rural areas are sadly neglected.

In *Booty Capitalism*, Paul D. Hutchcroft recalls Philippine President Fidel Ramos' 1992 inaugural speech where the new president said that the Philippine economic system "rewards people who do not produce at the expense of those who do . . . [and] enables persons with political influence to extract wealth without effort from the economy" (23). A study of the Ateneo de Manila University further elaborates on the consequences of this economic heritage:

The high degree of concentration in industry has led to our failure to attain higher levels of production and employment. Basic economic theory teaches that monopoly power leads to lower (but profit-maximizing) industry output and inhibits the use of more widely-beneficial (e.g. more labor-intensive) modes of production.

This has kept our economy mired in a "low level equilibrium" trap that has kept us from the much higher rates of economic growth enjoyed by our neighbors since the 1980s.

The problem is that government itself has been largely instrumental in attaining and perpetuating such monopoly power. Our economic history has paved the way for a state continuously captured by vested interests.

The industrial sector has been dominated by an oligarchy comprising a coalition of factor owners (mostly of capital and land) and allies in public authority. Through a series of policy reversals from the competition-enhancing reforms of the late 1980s and the 1990s, the government has protected a select group of capitalists by preventing other firms from introducing changes that would increase competition and productivity.

On top of this, certain regulatory agencies have been "captured" by the very firms they are supposed to regulate, further perpetuating monopolistic tendencies in key economic sectors. Over the years, the oligarchy used its economic base to coalesce with the state, thereby perpetuating and even intensifying concentration of economic cum political power.⁵

The state of affairs seems like a testimony to the absence of CSR. Even a firm of the Milton Friedman variety might have trouble maximizing its profits while staying "within the rules of the game." And yet CSR is alive and flourishing. Responsible businesses are swimming against the current, and one particular Filipino model of "The Good Company" is cited here—an excellent model of indigenous Filipino values and the Catholic faith that "disproves the rule."

United Laboratories, Inc.—The Good Company

On the feast of St. Joseph the Worker last May 1st, 2006, a gentleman in his mid-eighties by the name of José Y. Campos passed away. JY, as known to his friends and close associates, was one of the original founders and Chairman Emeritus of United Laboratories, Inc. or Unilab for short. At his funeral mass, the church was filled to the rafters mostly by the rank-and-file employees and workers of the United Lab group of companies.

JY was dearly loved by his people to whom he literally dedicated his whole life. He practiced that brand of CSR that regards the firm's employees and workers as its *first obligation*. All other stakeholders came second. The story of JY and Unilab is celebrated in a corporate treasure of a book written by Rodolfo G. Ibañez entitled *Bayanihan: The Many Great Lessons of United Laboratories Incorporated*.⁶ Much of the information in this paper about JY and Unilab comes from that book. Ibañez writes:

In 1983, [. . .], Unilab, as did all other companies, found itself in a very precarious position. The economy was at the brink of collapsing. The name of the game was bottom line. The shareholders must be made happy at all costs. Workers were being terminated left and right.

Mr. Campos pursued exactly the opposite policy. In such difficult times, he believed that the welfare of employees came first, management second, and shareholders last.

During the year-end get together, he reiterated this promise in front of everyone. Should the time come that the factory grinds to a halt, every employee would be given a plot of land to till in our large enough company grounds and the produce of everyone will be shared by all.

Meanwhile, he said, the shareholders would continue to sustain the current incomes of its people for as long as it could without letting anyone go.

The next year, to nobody's surprise, was one of Unilab's best years ever. As in other past crises, the chairman's policy of taking care of his people worked for the best. (26)

The beauty of Ibañez's account lies in the fact that he was originally from another company acquired by Unilab, and he came to Unilab with much skepticism. Not only did he become a convert to Unilab's culture, but he eventually also went very high up in the Unilab organization.

From Corner Drugstore to Largest Pharmaceutical Firm

United Laboratories, Inc. started out as a small corner drugstore in post World War II downtown Manila. It grew to become the largest pharmaceutical company in the Philippines with about a 20% market share, double its closest multinational competitor. It has more than 300 over-the-counter and ethical brands, and now operates in eleven countries in the Asian region. In his introduction to Ibañez's book, Bernardo M. Villegas, Dean of the School of Economics of the University of Asia and the Pacific recalled:

I have been privileged to work with the founder of United Laboratories, Inc., Mr. José Y. Campos, and the exceptional managers who helped him build this Filipino company to become a major player in the East Asian pharmaceutical industry. I saw the phenomenal growth of Unilab during the last quarter of the twentieth century, bringing it to the unique position of leadership in the Philippine drug industry, besting in market share all the multinational corporations in the industry. Unilab proved that a local company can compete successfully with the giant global corporations. It is yet another proof that a well-run Filipino enterprise has nothing to fear about globalization. (xi)

Unilab is the recipient of national and international awards and recognitions. The World Health Organization cited the quality and technical capability of Unilab's manufacturing processes as comparable with the best in the world (Ibañez 18). Among other recognitions more directly relevant to this study are the Most Outstanding Employer of the Year (twice from the Personnel Management Association of the Philippines), one of the Best Employers in Asia (also twice from Hewitt Associates and Dow Jones), Paragon of Corporate Behavior (from the Financial Executives of the Philippines), and Marketing Company of the Year (from the Philippine Marketing Association) (Ibañez 199).

Posthumously, Campos was honored with the title of "Father of the Philippine Pharmaceutical Industry" by the Philippine Medical Association, the Philippine Dental Association, the Philippine Pharmaceutical Association, and the Philippine Professional Regulations Commission (*Philippine Daily Inquirer* 23 Aug. 2006: B4).

The "Secret" of Unilab's Success

Importantly, Unilab did not build its business by imitating multinational firms, the widely accepted models of efficient business management in the Philippines. Since the country is too small a market to support a locally based, full-blown, basic pharmaceutical research organization, Unilab built its business through an ingenious combination of world class brands of generic products manufactured to international standards, and a highly developed sense of human relationships with and service to its employees (first and foremost), the mainly poor population of the country, physicians, other medical professionals, business partners, customers, suppliers and other stakeholders.

More than its sheer market power [. . .], what has endeared Unilab to its many stakeholders is the extraordinarily human style of management introduced by "J.Y." and completely internalized by the likes of Lino Imperiál, Angel Florentín, Ernie Ábalos and the other personalities expertly and vividly portrayed by Rudy Ibañez in this book that immortalizes a generation of outstanding Filipino managers.

What makes this book a "must" reading for students and practitioners of management are the countless illustrative examples of what it means to treat the human resources of a corporation not only as a *factor of production* but as individual human beings with their own needs and aspirations, both material and spiritual. (Villegas xi)

The leadership style introduced by JY Campos to the Unilab organization is consensus management, similar to the Japanese. The company is run through committees based on the

belief “that a decision may take time to materialize, but as soon as management agreement is reached, implementation becomes smooth because all the people concerned to make the task happen are involved in the decision-making process” (Ibañez 140).

Unilab Employees’ Compensation and Benefits

Obviously, a large and dominant market leader with highly valued and motivated employees cannot exist in competition with giant global corporations without employee compensation and benefits that are among the best in the industry and the community. They cover the employee and his or her entire family “from womb to tomb,” and addresses specific needs in the areas of financial security, food, health, marriage, maternity, shelter, clothing, education, transportation, livelihood programs, leaves and recreation, life after retirement, and death.

Instead of labor unions, the employees are represented by the Employees’ Council that not only looks after the welfare of employees but also through a select group of members sits in the confidential quarterly business reviews of the management.⁷ Except for a few days episode in the late 1980s when a few disgruntled employees went on a subsequently declared illegal strike, there has not been any work stoppage in Unilab (Ibañez 156).

Indigenous Filipino Values

Unilab’s management philosophy, as introduced and “lived” by JY Campos, is founded on the indigenous and truly Filipino value of *bayanihan*, the first word in the title of the Ibañez book (6). The root word of *bayanihan* is *bayani*, which means hero. “The meaning of *bayanihan* is quite elusive. A common understanding of it is the idea of cooperation, of working together towards a common goal.” Thus, *bayanihan* is translated as heroic cooperation or heroic assistance (Ofiana vii).

The cultural representation of the word is a painting of a *nipa hut*, the primitive Filipino home, borne on the shoulders of what looks like a hundred men for transfer to a new location, while children and women walk alongside carrying the belongings of the relocating family. “*Bayanihan* is not only about team spirit” but also “about defining the common good, not as the greatest good for the greatest number, but as a social order which enables every single member of the organization to attain his or her fullest development economically, socially, culturally, and spiritually” (Villegas xi).

In Unilab’s management philosophy, *bayanihan* is not a stand-alone value. It is supported by *pakikisama* (camaraderie), *hiyâ* (shame), and *utang na loób* (being beholden or, more literally, a debt of gratitude) (Ibañez 6). As to their significance, camaraderie is probably self-explanatory while shame refers to the negative social consequences of not cooperating, and being beholden or debt of gratitude pertains to the necessity of acknowledging and reciprocating a past favor.

Ironically, these three supporting values are the favorite targets of social critics as being responsible for social ills. More specifically, they are considered as obstacles to development and a just society because of their parochial view of reality, which falls short of addressing the good of the broader society or, in the favorite parlance of many critics, fails to imbue Filipinos with a “sense of nationhood” (Gorospe 22, 213).

Without an underlying fundamental value like *bayanihan*, indeed the supporting values of *pakikisama*, *hiyâ* and *utang na loób* can be employed for good or manipulated and exploited for evil. The devil certainly knows what to do with them. But *bayanihan*, i.e., heroic cooperation or heroic assistance, the foundation of Unilab's management philosophy, by definition conveys a positive character to its supporting values.

Religious Faith

Furthermore, the Unilab people by their religious faith have significantly enriched their indigenous Filipino values. JY Campos was a religious man who believed in the power of his faith and indigenous Filipino values as the primary means of inspiring people to great heights. His partners and the succession of professional managers they hired are of the same mold. Their faith-enriched indigenous Filipino values permeate the entire organization and instinctively link the firm's CSR to CST. Certainly, any negative interpretation or application of their indigenous values would be incompatible with the religious tenets of justice and charity.

Ibañez devotes an entire chapter to the spirituality of the Unilab people (173-182)—how meetings always begin with an invocation (176); how Unilab people always find ways of getting together for mass (177); how when faced with their one and only short-lived employee strike in their corporate history, both strikers and non-strikers gathered together in a nearby church to hear mass (174-176); and how the company respected and encouraged their non-Christian employees' practice of their religious faith (178).

Service to Society

While Unilab management policy regards its employees and workers as the first obligation and beneficiary of its CSR, its concern for people expectedly does not end there. Given every opportunity to fulfill their basic human needs for development and advancement, the whole organization in turn "form a particular group at the service of the whole society" (*Centesimus annus* 35). The relationship marketing formula that the founder developed in Unilab was: "Take care of your people and the people will take care of the customer" (Ibañez 63).

Specifically, Unilab's product and marketing strategy addresses the challenging therapeutic and nutritional needs of the country's poor population. The strategy is supported by a socialized pricing policy that makes sure, for example, that if a family's breadwinner becomes sick his entire wages do not go into buying medicine for himself. This results in significantly lower prices than those of multinational brands that generally cater to the higher echelons of society.

Unilab's low prices, on the other hand, enable them to sell high volumes and, in many instances, make their brands market leaders. Nevertheless, Unilab also manufactures and sells high margin products to the high end market in order to subsidize the thinner margins of their low-priced medicine for the poor (Ibañez 120-123).

Unconditional Service to the Medical Profession

Unilab renders "unconditional" service to the medical profession and sponsors continuing medical education for all physicians and other medical professionals in the country. "Mr. Campos believed that rendering service with sincerity, with no preconditions, would attract

reciprocal favors given with the same sincerity” (Ibañez 39). This is based on the indigenous Filipino value of *utang na loób* (being beholden or a debt of gratitude).

The testimony of leaders in the medical profession is profuse with praise for Unilab. For example, Dr. Perla Santos-Ocampo, recognized for her leadership and professional competence by the World Medical Association and the World Health Organization, has this to say:

We established during my term as president of the Philippine Medical Association, the continuing medical courses for our members through the PMA-Unilab Regional Assemblies, wherein we bring continuing medical education to Filipino physicians no matter how far they are throughout the archipelago. It is Unilab that has come to our assistance and made it happen. (Ibañez 39)

Dr. Ramon Sin, dean of the Faculty of Medicine and Surgery of the University of Sto. Tomás and Dr. Basil Jajurie, health secretary to the governor of the Autonomous Region of Muslim Mindanao likewise have been very complimentary in their comments on Unilab’s service to medical professionals and contributions to continuing medical education. In particular, Dr. Jajurie praises Unilab people for continuing to come to a war-torn region of the country despite its remoteness from Metro Manila, the inaccessibility of many areas in Muslim Mindanao and the risks involved (Ibañez 40-41).

The same four medical, dental, pharmaceutical and regulatory organizations that posthumously bestowed on Campos the title of “Father of the Philippine Pharmaceutical Industry” likewise honored him “for cultivating a strong partnership with the country’s medical professionals and healthcare institutions and for his support for programs for continuing medical education and community service” (*Philippine Daily Inquirer* 23 Aug. 2006: B4).

Disaster Relief

In times of disaster and national emergencies, Unilab rises to the occasion. For example, in 1972 a big typhoon unleashed extraordinarily heavy monsoon rains for forty days and forty nights literally without let up, flooding not only the Greater Manila area but also the central part of the country’s largest island of Luzon. Ibañez recounts:

Unilab President José Gatchalian, under the direction of Chairman José Y. Campos, converted Unilab’s main conference room into a virtual war room where the fight against diseases would be directed.

Medical assistance command posts, headed by Unilab division chiefs, all of whom volunteered, were established in every province in Central Luzon.

The radio carried the news that United Laboratories, Inc. had organized massive medical missions in cooperation with local medical societies.

For the next forty days and nights, we worked in the area with doctors, nurses and other volunteers. Wherever we went we were greeted like conquering heroes. We did our work with conviction. The company supported us. Above all, God guided us. (78-81)

Profitability

Unilab's early decision to serve the country's mainly poor (and young) population became the foundation of its sustained profitability through dominant market leadership. The company's "bread-and-butter" product strategy focused on common household remedies given distinctiveness by aggressive marketing of world class brands of off-patent generic products.

Since Unilab was not saddled by basic pharmaceutical research costs like the multinational companies, its branded generic products became virtual cash cows and gave its various divisions almost incredible leadership shares of the pain relief, cough-and-cold, and vitamin segments of the market. Nevertheless, the firm pursued profitability with restraint as, for example, when it refused to lay off employees during poor business cycles and when it established The United Bayanihan Foundation to address the needs of retired employees (Ibañez 6, 166).

Furthermore, based on its socialized pricing policy, its products were sold at 20 to 60 percent below competitive pricing levels to make them affordable to poor people (Ibañez 120-122). The firm also voluntarily withdrew from the market high sales volume products that later proved to be harmful. Examples of the latter are a cough remedy that apparently catered to drug addicts and a pregnancy test product that doctors were subsequently discovered to be prescribing to prevent pregnancies (Ibañez 19-20, 98-101).

Not a Perfect Company

But like any human organization, Unilab is not a company of living saints. Management policy is clear but actual implementation or individual behavior can sometimes be a different story. As an operating philosophy, Unilab allowed its employees as much freedom and flexibility as possible to stimulate their creativity. But such freedom was sometimes abused in the early struggle to gain medical prescriptions for their products. Once discovered, however, management was quick to stop any questionable or objectionable practices (Ibañez 16-18).

More recently, the company has had to bow to major technical developments and bend its no redundancy or termination rule. Specifically, Unilab's distribution system consisted of eighteen distribution depots throughout the archipelago, from which customer orders were delivered from two to five days after receipt. As a result of technical and logistical innovations, the number of depots was reduced to only one distribution center for the entire country and delivery time shortened to only one to two days. Because of the far flung locations and particular skills of the employees involved, the company could not retain all of them.

The displaced workers were given a very generous termination package designed to provide financial security with special additions for those with more than 25 years service. Moreover, they all became members of the Unilab Bayanihan Foundation (usually restricted to retirees with at least 30 years of continuous service). "The foundation would cover their health and medical needs until they reach the age of seventy, provide educational assistance to their children still in school, and buy their medicines at the discount given to regular employees—and many more" (Ibañez 182).

Unilab's Uniqueness

Unilab is not the only company in the Philippines with a heart. There are others as successful as, if not more successful than, Unilab in their respective lines of business. Neither can it be claimed that Unilab is the only one founded and led by people motivated by strong religious faith. In quite common situations, the problem is not that employees get less attention than they deserve but rather it is somewhat taken for granted that they already have the best; and to be socially responsible, the firm then turns to outside causes to devote its energy and resources.

It is important for business firms to assert their values expressly especially those relating to their employees and workers because repeated public pronouncements, as in truth in advertising, make management honest, ensure fulfillment of promises, reassure the employees and workers, and bolster its public image. In this respect, Unilab is probably unique in explicitly declaring that its management philosophy is based on indigenous Filipino values and that the welfare of its employees is its highest priority.

This application of the *bayanihan* value in the United Laboratories, Inc. proves the principle that an indigenous Filipino value could be tapped to achieve company goals. As we see in the Unilab, the *bayanihan* system works in a cycle of give and take, a symbiosis between management and workers, which is, in fact, the whole business of management. This is a challenge to other companies in the Philippines to evolve their own unique management style based on the variety of values held dear by Filipinos. Furthermore, the Unilab experience can indeed be a proof to invalidate the belief that Filipino values run counter to sound management techniques, and should be suppressed if business is to attain progress. (Jocano qtd. in Ibañez 7)

When Campos was posthumously honored with the title of “Father of the Philippine Pharmaceutical Industry,” he was also cited for his promotion of the Filipino *bayanihan* concept of management (*Philippine Daily Inquirer* 23 Aug. 2006: B4).

Macro Implications of the Unilab Model

From a broader perspective, Unilab is not the only outstanding advocate and practitioner of *bayanihan* that “disproves the rule.” On July 31, 2006, the Ramon Magsaysay Award (claimed to be Asia’s regional equivalent of the Nobel Prize) announced its 2006 awardees. The recipients of the Community Leadership award are from the Philippines—The *Gawad Kalinga* Development Foundation and its executive director, Antonio Meloto.

Gawad Kalinga (which means to give care) is the high profile field organization of *Couples for Christ*, an international lay religious movement founded in the Philippines in 1981 and exported to 155 countries to date. *Gawad Kalinga* builds thousands of homes and communities for the very poor in partnership with hundreds of business firms, government agencies, universities and individual supporters in the Philippines and abroad.

Gawad Kalinga is explicitly driven by the same indigenous value of *bayanihan*. Its battle cry is “a call to heroism to lift the Philippines out of the Third World,” and its fourth congress held on June 16, 2006 was called “A Gathering of Heroes.” The Ramon Magsaysay award citation in part says:

Asia's vast cities-of-the-poor are visible proof of a hard fact. Despite decades of economic development programs and foreign aid and the earnest efforts of foundations and NGOs, not to mention the sweet promises of politicians, great millions of people in Asia still live in poverty. In the Philippines, nearly half of the country's 84 million people are credibly said to live below the poverty line. Forty percent of its urban families occupy what the Asian Development Bank calls "makeshift dwellings in informal settlements." Slums, in other words. Antonio Meloto believes these disheartening facts reveal his country's failure "to work for the collective good." As executive director of Gawad Kalinga Community Development Foundation, he is changing this.

* * * *

It is often said that Tony Meloto is the face of Gawad Kalinga. But the movement he spawned is now much bigger than himself. In truth, Gawad Kalinga has thousands of faces. These are faces of every Filipino ethnicity, faith, and social class—of donors at home and abroad who are providing the money and land for new villages; of volunteers across the Philippines who are joining their families, and friends, and schoolmates, and officemates, and fellow church members to build houses and to provide Gawad Kalinga villages with training and services; of executives, lawyers, doctors, architects, and other professionals. These are also the faces of over one hundred thousand grateful beneficiaries.⁸

Today more than eight hundred fifty Gawad Kalinga villages span the Philippines. Alongside those sponsored by Filipinos abroad, such as Norway Village, Swiss Village, and North Carolina Village, there are more than one hundred others sponsored by major corporations. And this is just the beginning. Gawad Kalinga is committed to building seven thousand new communities by the year 2010.

As may be quite obvious at this point, Unilab and *Gawad Kalinga* share two other values besides *bayanihan*—religious faith and a deeply held concern for the poor. Not surprisingly, Unilab is one of the early major corporate supporters of *Gawad Kalinga*. The company donated thirty-three houses at the start and then another sixty on the occasion of the firm's sixtieth anniversary. Today, Unilab has an added special role in *Gawad Kalinga* along with some multinational pharmaceutical companies and the Department of Health of the government in the complementary undertaking called *Gawad Kalusugan* (which means to give health).

The role of religious faith in Unilab and *Gawad Kalinga* seems consistent with Philip Wogaman's contention that human reason, philosophy and morality are incomplete foundations for a just society. The whole of reality needs religious faith (qtd. in Gorospe 220). In turn this leads to the conclusion that, for authentic CSR to flourish in the Philippine environment, a revolution of the heart (or individual inner conversion) must lead the effort to reform the economic and social order. "Philippine society is a very good example of society with the best and most comprehensive laws on social justice. But without a double liberation—personal and social—[. . .] the marginalized sectors [. . .] will remain powerless, exploited and oppressed" (Gorospe 205).

In this context, Unilab has built a highly successful business with a “preferential option for the poor” through socialized pricing and a product and marketing strategy specially geared to the needs of the indigent.⁹ For its part, *Gawad Kalinga* is doing an awesome job of harnessing and consolidating major corporate resources, as well as those of many others, to restore the dignity of people in the lowest rung of the poverty ladder. They have two different approaches that both work to improve the lives of the unfortunate. Both are needed, and more are needed “to lift the Philippines out of the Third World.”

The Prime Target of Philippine Social Responsibility

The enormity of poverty in the Philippines is the powerful magnet that draws practitioners of social responsibility. *Gawad Kalinga's* aggressive initiatives provide shelter, health care, education, livelihood, food production, and community empowerment. As the August 6, 2006 editorial of *Philippine Daily Inquirer* aptly described the *Gawad Kalinga* village, “the standard unit of organization is not a house but a neighborhood,” a total concept unmatched in the practice of Philippine social responsibility (A10).

The Philippines is not lacking in generous persons or individual business firms, some of whom have their own private CSR programs, but the enormity of poverty in the country encourages, if not necessitates, a pooling of resources. The biggest example of a well-funded “group corporate practice” is the Philippine Business for Social Progress (PBSP), which antedates *Gawad Kalinga* by twenty-five years. On the occasion of its Thirty-fifth Annual Membership Meeting and Foundation Day celebration on January 24, 2006, PBSP describes itself and its accomplishments as follows:

PBSP stands for Philippine Business for Social Progress. It is a corporate-led social development foundation in the Philippines. Founded in 1970 by 50 of the country’s prominent business leaders, its membership has grown to 203 companies and has committed to promoting business sector involvement in improving the quality of life among poor Filipinos.

PBSP is the first of its kind in Southeast Asia being the only non-profit consortium of business corporations leading the advocacy on and the practice of corporate social responsibility (CSR) and corporate citizenship.

(PBSP has) raised and disbursed (billions of pesos) as grants or soft loans that have benefited 3.27 million Filipinos, among them the urban poor, the landless rural workers, agrarian reform beneficiaries, upland and lowland farmers, marginal fisherfolk, and indigenous peoples.

For the next four years, it has committed to mobilize [. . .] more than half of (its) total budget in the last 35 years [. . .] for its poverty reduction programs that encompass education, health, enterprise development and environment.

With the support of its member companies, partners and donors, PBSP envisions that no less than 6,532 houses will be built, 28,676 families (provided) with increased incomes,

692 classrooms built, 23,446 school desks and chairs provided, 20,994 teachers trained, and 421 water systems constructed. (*Philippine Daily Inquirer* 6 Feb. 2006: E1-E4)

In addition to PBSP, there are other CSR groups such as the League of Corporate Foundations (LCF) and the Bishops-Businessmen's Conference for Human Development (BBC). There is, in fact, a great deal of overlap in CSR practice among those highly motivated to do it. An individual firm may have its own corporate program, while at the same time it is a member of PBSP and has an LCF member foundation; one of its officers may be a member of BBC and the firm a sponsor of *Gawad Kalinga* villages. Just as an aside, for example, the current President and CEO of Unilab was treasurer of PBSP for ten years.

Literally speaking, "the poor we have always with us" (Cf. *Matthew* 26:11) because, depending on various working definitions of poor, there are probably more than forty million of them. It is highly unlikely that the country's combined CSR resources can reach more than a third of the poor. And this is why Henriot makes sense when he says it is good to alleviate and reduce poverty, but it is better to eradicate it ("Catholic Social Teaching and Poverty Eradication"). By and large, the current thrust of CSR activity in the Philippines can alleviate and reduce poverty, but will not eradicate it. For many people eradication seems like an impossible dream.

A properly functioning society does not mean everybody is relaxing and receiving free food, clothing, shelter and education. It means every able bodied person is productively and gainfully working, and contributing to the wellbeing of the whole society. Admittedly, poverty eradication requires participation of all sectors of society.

Nevertheless, as the main provider of livelihood and the most efficient creator and distributor of goods, services and wealth, the business sector plays the most important direct role in poverty eradication that no other segment of society can perform. The role necessitates a different brand of CSR from that currently mainly aimed at poverty alleviation and reduction.

A Change in the Outlook of Corporate Foundations

This brings up the remarkable evolution of The League of Corporate Foundations (LCF). Founded in 1991, LCF is an association of more than 70 nearly all corporate foundations established for the purpose of implementing, all or in part, the CSR programs of their respective "mother" companies. At the outset, the league served as an exchange and clearing house of "best CSR practices" in the areas of arts and culture, education, enterprise development, the environment, health, and youth development.

Over the years, however, the members began to question and challenge the traditional approach of corporate philanthropy and to consider a paradigm shift on how development ought to be pursued and the way business is conducted (Garchitorea and Calingo). LCF's "Corporate Social Responsibility Expo 2005" on July 4-6, 2005 was a turning point. In that conference, the key message was the acknowledgment that the achievement of corporate goals and the obligation to contribute to the wellbeing of society are inescapably linked.

Instead of being on the "outside," CSR must be integrated into the core strategy of the business, and doing good ought to be elevated beyond the level of philanthropy. Examples of specific

ideas considered were providing business solutions to social problems, where achievement of business objectives and societal development go hand in hand and, more realistically, offering products and services to the bottom of the pyramid (Garchitorena). This year, after bringing CSR into the board rooms, LCF engaged the CEOs through surveys and focus group discussions and obtained their understanding of and commitment to what CSR is all about.

LCF then published *CEO Perspectives on Corporate Social Responsibility*. One major finding from their focus groups is the common understanding among CEOs “that CSR begins with the family—the immediate family and extended family. Eventually, employees become part of that extended family followed by the communities that they serve. All the CEOs believe that CSR should first and foremost be about treating their employees well—making sure that every worker has a chance to achieve.”

Another Good Company

In LCF’s “Corporate Social Responsibility Expo 2006” on July 5-7, 2006, the presentation of Del Monte Philippines spotlighted its personnel management policies and employee benefits. The theme was “We Grow People” [rather than pineapples and bananas!]. The people then drive the company as well as the company’s CSR. The firm—thrice the recipient of the Employer of the Year Award—cares for its workers, their families and the community in that order following the principle that charity begins at home. The employees have no labor union and the workplace has enjoyed industrial peace (no strike/no lockout) for thirty years (Malferrari).

The nature and coverage of Del Monte’s employee benefits are remarkably similar to Unilab’s. Although it may seem simply coincidental, the son of Unilab’s founder, at one time the Chairman of Unilab himself, has recently purchased a major stake in Del Monte Philippines and has become its President and CEO. Surely he must feel very much at home in the employee relations culture of Del Monte. The whole point about Del Monte is here is another fairly successful Philippine firm, whose workers and employees are the first beneficiary of its CSR consistent with the common understanding among CEOs in LCF’s focus group discussions.

The importance of LCF’s evolution—from an almost purely philanthropic association to advocate of “business activism” within its own sphere of influence—lies in its potential implication on what is expected of business in the task of eradicating poverty. The new mindset on one level seems compatible with the definition of CSR by the World Business Council for Sustainable Development, i.e., “business’ commitment to contribute to sustainable economic development, working with employees, their families, the local community, and society at large to improve their quality of life.”

On another level, however, LCF now quotes Pope John Paul II in referring to the purpose of business as the origin of CSR, as it did during a recruitment session for potential new corporate members on March 22, 2006 (Enrile). It seems CST has also found its way into LCF’s CSR.

Spirituality in the Workplace

It does appear that religious faith plays a welcome role in the whole of reality, and that a revolution of the heart or inner conversion must somehow be linked to the urge to reform the

economic and social order. This is certainly the way the Bishops-Businessmen's Conference for Human Development (BBC) would like to have it.

BBC was founded in 1971, a year after the Philippine Business for Social Progress (PBSP). Unlike those of PBSP, BBC's about 200 members are individuals rather than corporations. Further unlike PBSP which concentrates on poverty reduction programs, BBC's thrust is advocacy of social justice and spiritual formation. "It has as one of its main objectives integrating social responsibility into the mainstream of enterprise planning and management" (Aquino 316).

It sponsors publications and seminars for businessmen and business schools consistent with that objective. In 1979, for example, BBC developed "A Code of Ethics for Business" and ran a pilot course on social responsibility for graduate business students of three leading universities (Aquino 316). As years passed, however, probably because of the broader interests of the Catholic Bishops' Conference of the Philippines (CBCP) with whom BBC bishops are primarily affiliated, BBC started to give higher priority to advocacy of political reforms.

Even so, in its Thirtieth General Assembly and Annual Meeting on July 7, 2006, BBC launched a drive to promote widespread spirituality in the workplace. Specifically, it is sponsoring and endorsing to business firms a "Workbook" by Sabsy Palanca entitled *ISQ: Living One's Values in the Workplace*. *ISQ* stands for Institutional Spirituality Quotient, which the workbook is designed to spread and measure. It brings CST directly into the workplace.

A Job for Professionals

Given the particular circumstances of the Philippines, there is no question that the most vital issue that business *and* CSR must confront from an economic, social and spiritual standpoint is the poverty of the people. In fact, the starting point of *ISQ* is a dichotomy in Philippine society: specifically, "*material poverty* among the poorest of the poor" and "*spiritual poverty* among many materially capable Filipinos" (Palanca 1).

It would be helpful to recall two points mentioned earlier: (1) While it is good to alleviate and reduce poverty, it is better to eradicate it (Henriot); and (2) Business has a central role to play in poverty eradication that no other segment of society can perform. Two principles of CST in Pope Benedict XVI's *Deus caritas est* would seem appropriate to add, i.e., (3) The laity is directly responsible for the just ordering of society; and (4) There will always be a need for charity irrespective of the success achieved by the just ordering of society (28-29).

Taken together these four "cornerstones" form a fitting foundation for confronting poverty in the country, a challenge recently accepted by the Management Association of the Philippines (MAP) to lead. Founded in 1950, MAP is an association of top professional managers from major local and multinational firms for the purpose of promoting management excellence. Although it has a CSR Committee, MAP is not a CSR organization. In fact, nowhere in its list of association objectives does CSR appear.

Early this year, the Institute for Solidarity in Asia (ISA) requested MAP to be the lead organization in the preparation of a Business Sector Roadmap. This roadmap will consist of

strategic business objectives and major initiatives in support of ISA's own National Roadmap, an ambitious undertaking to engage all sectors of society in a cooperative and coordinated long-term planning for national development. Founded in 2000, ISA is an independent, non-partisan, not-for-profit institution that serves as a center and network of and for citizens committed to ethics, social responsibility and good governance in all aspects of life.

Notwithstanding the widely multi-sectoral nature of the roadmap effort, business along with family and education is recognized as one of the three key drivers of change. The recognition in itself seems an acknowledgment of business' crucial role in the country's greatest challenge. As if on cue, the very first meeting of the Ad Hoc Committee formed by MAP to develop the roadmap placed poverty at the top of the agenda. As of this writing, the roadmap is still a work in progress and this paper does not really intend to report on what MAP is doing other than to discuss its relevance to this study.

Specifically, MAP sees that business' major responsibility in the task of poverty eradication is to generate and provide employment and other means of livelihood to poor people. Seventy percent of poor people live in the rural areas. They have little or no schooling, but they are more economically active than the rest of the population, working simultaneously in as many as four or more income earning activities as part of their coping mechanism. But they are mostly underemployed and have less access to the formal labor market. Agriculture, construction and transport are the main means of their livelihood (Balisacan and Fujisaki 57-58).

There is more to add to the poor's profile but there is enough said here to understand why GDP and GNP growth does not filter down to the poor. Most businesses, including new investments, are urban centered and generally require an educational level of workers far above the poor's highest attainment.

Furthermore, both agriculture and infrastructure (consequently also transport), for which indigent workers have demonstrated their work aptitude, are sadly underdeveloped. This provides an important indication as to where MAP's roadmap ought to lead but realistically the association has a broad constituency and, therefore, is not expected to have a single-minded strategic objective.

Nevertheless, the chief significance of MAP's roadmap deliberations is its focus on proactively and aggressively generating and providing productive work as the primary means of stamping out poverty—consciously or subconsciously an acknowledgment of CSR's *first obligation*. In effect, even though MAP members and MAP itself are CSR practitioners, the association now superimposes systematic work creation over CSR practices simply aimed at poverty alleviation and reduction.

It is not a new discovery. It is something everybody has known all along as the correct approach, but people hopefully, finally now realize that unless expansion of livelihood opportunities (and of the right kind) is methodically pursued by the business community with genuine resolve, the Philippines will forever be poor. Abela's passionate argument in support of work creation as a purpose of the business firm offers significant encouragement:

It is not just a question of making sure that working conditions are provided that treat employees as ends in themselves, but of recognizing that an aspect of the purpose of the firm is the creation of employment. If we agree with this aspect of the purpose of the firm, then we would have to hold that every investment decision would have to consider what increase in employment could result from it, and also that a company which was able to generate a profit and serve society without employing anyone (imagine some advanced, fully automated factory) would be morally questionable. (112)

Conclusion

The typical criticism from well-meaning people against business' performance or non-performance of its social responsibility vis-à-vis poverty is that business people and investors have been around a long time, yet "nothing has happened." In many ways, the criticism is valid even if allowances are made for other negative influences that bear on the situation. A revolution of the heart or inner conversion is a necessary precondition to achievement of societal reforms. In fact, such criticism sounds deficient in reflection when it comes from people who are privileged to have already received the grace of conversion and are now making things happen.

That is why, in the words of Archbishop Angel N. Lagdameo (CBCP President and BBC National Co-Chairman), "We need to form a critical mass of people renewed and with hearts ready to transform our country" (Palanca ix). That is precisely the aim of the BBC-sponsored publication and promotion to business firms of *ISQ: Living One's Values in the Workplace*, which includes an accreditation program to monitor actual progress.

Importantly, it is also a fact that many business firms and individuals are showing the way like Unilab, Del Monte, partners and contributors of *Gawad Kalinga*, members of Philippine Business for Social Progress, League of Corporate Foundations, Bishops-Businessmen's Conference for Human development, and Management Association of the Philippines. This is not by any means an all inclusive list. In addition to businesses, there are religious organizations of various denominations and secular NGOs.

"Nothing has happened" because, despite their best efforts, they can hardly make a dent on the colossal mountain that they have set out to conquer. The good news is, although people of goodwill appear to have been acting independently of one another, there seems to be some order and organization in recent developments, more specifically in areas of advocacy, policy and actions reflecting a "coming together" of CSR, mainstream business activity and various expressions of spirituality.

Even so, the gravity of poverty cannot be left solely in the hands of market forces and/or the goodwill of CSR practitioners. The leading role assumed by MAP in stimulating job creation, supported by BBC's spreading of spirituality in the workplace, might just make a crucial difference. But neither can MAP nor even the business community in general claim to have full control over systematic work creation.

The country's macro economic policies likewise have to change to serve the common good. This is why it makes sense for a broadly based alliance like MAP to lead the movement. Its mission inevitably includes pressing the case for major revisions in the country's macro

economic policies. This all sounds very bullish but, realistically, still quite far from achieving “what God’s governance of the world apparently cannot” (*Deus caritas est* 36).

In superimposing job creation over “charitable” CSR, nobody has suggested that the latter be discontinued or even de-emphasized, although in some cases perhaps modified. There will always be a need for charity (*Deus caritas est* 28-29) and in the Philippine struggle against poverty it will continue to be a major need. The country will never run out of people needing help. But the best kind of economic, social and spiritual liberation for the vast majority still comes from a good job or independent means of livelihood that enables a person and his family to develop and become *more human*.

It is the corporate social responsibility of “The Good Company” to create and sustain such jobs and means of livelihood, consistent with the purpose of business according to Catholic social thought.

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Endnotes

¹ From Pope Pius XII's address in 1957 to the International Congress of Catholic Association of Small and Medium Sized Business (qtd. in Cornwall and Naughton 70).

² "All these years, Filipino traditional culture has been portrayed negatively. Filipino weaknesses have been traced to the incursion of Filipino values into bureaucratic or corporate transactions. Some deviant forms of behavior are erroneously labeled as national cultural traits. The implications are that the Filipino must rid himself of his inner cultural baggage in order to keep up with this modern world and that no good can come out of indigenous traits" (F. Landa Jocano 137).

³ "The Filipino family, large and functionally extended as it is, provides social security, old age pension, jobs, scholarships, unemployment benefits, nursery services, credit, land, labor, capital, income redistribution, work sharing, companionship to the unmarried, care for the sick, home for the aged, counsel for the troubled, and most of all, love, affection, emotional sustenance, and social stability without which a Filipino's life is meaningless" (Gelia T. Castillo 103 qtd. in Jocano 86).

⁴ A thorough position paper against this, entitled "A National Perfidy," is presented by the Society of Catholic Social Scientists-Philippines Chapter in *The Catholic Social Science Review*, Volume X, 2005, (325-337). Gorospe's analysis of "Major Issues of Social Justice" in *Forming the Filipino Social Conscience* (171-225) is also helpful.

⁵ The study released on February 28, 2005 by the Economics and Political Science Departments of the Ateneo de Manila University is "Beneath the Fiscal Crisis: Uneven Development Weakens the Republic." A condensed version ("View from Loyola Heights: Beneath the Fiscal Crisis") was published by *Philippine Daily Inquirer* on March 6, 2005. The authors as reported by the *Inquirer* are Fernando Aldaba, Cristina Manalo-Bautista, Germelino Bautista, Rolando Bayot, Walfredo Belen, Karl Kendrick Chua, Leland de la Cruz, Aleta Domdom, Luis Dumlao, Jamil Paolo Francisco, Germelina Guiang, Cielito Habito, Sarah Lantican, Leonardo Lanzona, Jr., Jose Magadia, S.J., Romelia Neri, Harry Pasimio, Marisa Maricosa Paderon, Ellen Palanca, Marilou Perez, Nona May Pepito, Ferdinand Sia, Patrick Simon-King, Ronald Tamangan, Rosalina Palanca-Tan, Ofelia Templo, Benjamin Tolosa, Jr., Philip Arnold Tũaño, Victor Venida and Robert Yap, S.J.

⁶ As will be explained later in the section on Indigenous Filipino Values, *bayanihan* means heroic cooperation or heroic assistance.

⁷ How the Employees' Council works is explained in detail by Marie Edralin-Aganon in "The Bayanihan System at Unilab: A Case Study of Workers' Participation in Management."

⁸ This paragraph sounds like a graphic articulation of *bayanihan* in terms of the "subjective dimension" of human work (*Laborem exercens* 6) as exemplified not only by all the people behind *Gawad Kalinga* but also the beneficiaries who contribute "sweat equity" through their labor.

⁹ "[. . .] this love of preference for the poor, and the decisions which it inspires in us, cannot but embrace the immense multitudes of [. . .] those without medical care [. . .]. It is impossible not to take account of the existence of these realities" (*Sollicitudo rei socialis* 42).