

Enterprise Risk Management, Organizational Culture and Corporate Social Responsibility: A Structural Model Approach on Business Strategy of Food Manufacturing Firms in Region XII

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ABSTRACT: This study aimed to determine the most suitable business strategy model for the 400 owners, managers, or supervisors of food manufacturing firms in Region XII. The independent variables in the study were enterprise risk management, organizational culture, and corporate social responsibility, while the dependent variable was business strategy. The research employed a non-experimental quantitative design and a descriptive-predictive approach for analysis, using a standardized survey instrument by utilizing stratified random sampling in a face-to-face situation. The researchers chose the study participants. A range of statistical methods, including Pearson product-moment correlation, multiple regression, mean, and structural equation modeling, were utilized to achieve the study's objectives. The study's findings showed that enterprise risk management and organizational culture yielded high-level results, while corporate social responsibility and business strategy achieved very high-level results. Furthermore, all three independent variables were found to have a significant relationship with the dependent variable, business strategy. However, on the regression result, it was found that only corporate social responsibility showed a significant influence on business strategy. Based on the model fit, model 5 is revealed to be the best-fit model with enterprise risk management as indicated by internal environment and event identification; organizational culture as indicated by managing change and cultural strength; and corporate social responsibility as demonstrated by workplace policies and community policies and business strategy as indicated by cost reduction and quality enhancement retained in the model.

Keywords: *enterprise risk management, organizational culture, corporate social responsibility, business strategy, SEM, Philippines*

I. INTRODUCTION

The effect caused by the COVID-19 pandemic impacts all types of business sectors, not just in the Philippines but the entire world. Manufacturing firms are one of the affected industries that encountered severe problems and challenges caused by the COVID-19 pandemic outbreak. Some of the manufacturing industries are already forced to close temporarily or reduce their resources resulting in an extensive shortage of production (Asian Development Bank, 2020). Currently, businesses are grappling with an intensely competitive, tumultuous, and volatile market that arises from rapid technological advancements (Islami, Mustafa, & Latkovikj, 2020). Business strategies, key concepts, and methods can help enterprise owners overcome and manage the problems and challenges faced by the enterprises (Kristinae, Wardana, Giantari, & Rahyuda, 2020).

Furthermore, Business strategy serves as a crucial foundation of the economy, representing an important sector that should be encouraged to focus on marketing to thrive in a competitive market (Abdulwase et al., 2020). Strategy can be seen as a well-thought-out plan that an organization's management adopts to establish a market position, attract talented employees, satisfy customers, compete effectively, carry out operations, and achieve organizational objectives.

Additionally, strategy can be regarded as a means through which individuals or organizations attain specific goals, indicating the importance of devising suitable strategies to facilitate goal achievement (Ajagbe, Peter, Udo, Uduimoh, & Akpan, 2016). As a result, the nature of executed strategy determines any firm's continuity, survival, and growth (Ko & Liu, 2017).

On the other hand, business strategy (BS) is influenced to some extent by enterprise risk management (ERM), organizational culture (OC), and corporate social responsibility (CSR) supported by Porter's 1980 model established the idea of general strategies, including as focus, differentiation, and cost leadership (Porter, 1980). These strategies, widely recognized in management theories, provide insights into how companies compete with rivals in specific industries (Islami, et al., 2020). The study conducted by Soltanzadeh, Rasid, Golshan, and Ismail (2016) reveals that enterprise risk management has a strong relationship with business strategy. Further, according to Rehman and Anwar (2019), when strategy and Enterprise Risk Management (ERM) implementation are appropriately aligned, performance improvement can be achieved and used Porter's framework.

Moreover, two of Porter's generic strategies are identified as factors that could contribute to developing an influential organizational culture, leading to high organizational performance, differentiation, and cost leadership strategies (Dadzie, Amponsah, Winston & Dadzie, 2017). The characteristics of strategy formulation and interpretation are shaped by organizational culture. When strategy implementation aligns with the values and norms of the culture, it reinforces the established culture; conversely, the culture itself influences the effectiveness of the implemented strategy (Krupskyi & Kuzmyska, 2020). On the link between CSR and business strategy, several studies have examined the determinants of CSR performance from the perspective of the strategic orientation of the business (Jansson et al., 2017). The survey conducted by Yuan, Lu, Tian and Yu (2018) depicts the regression result, which reveals CSR predicts business strategy positively and significantly. Corporate social responsibility (CSR) is widely acknowledged as a beneficial strategy for organizations to cultivate resources or capabilities that contribute to attaining a competitive advantage. In highly competitive industries, companies that adopt a differentiation strategy through CSR initiatives can also establish a relative advantage (Dyck, Lins, Roth & Wagner, 2019).

Furthermore, the framework demonstrates the immediate influence of independent variables, namely: enterprise risk management (ERM), organizational culture, and corporate social responsibility (CSR), towards the endogenous variable, business strategy, as the theories support. The first exogenous variable is enterprise risk management (ERM), which has eight dimensions: objective setting, event identification, risk assessment, internal environment, monitoring, information/communication, control activities, and risk response (Altemeyer, 2004). The need for enterprises to manage risk comprehensively due to rapid changes caused by globalization and regulatory pressures has led to the birth and popularity of ERM. Its prominence has surged dramatically in recent years because of a number of financial crises and corporate crimes, heightening the complexity of risks and regulatory pressure (Lechner & Gatzert, 2018). According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2017), enterprises are expected to face an uncertain future persistently. This ambiguity has harmful and reasonable consequences for the organization's main targets (Rostanzadeh, Ghorabae, Govindan, Esmaili & Nobar, 2018). Furthermore, according to Lechner and Gatzert (2018), ERM implementation aims to increase business value by helping risk managers and corporate management identify, monitor, and manage the entire risk portfolio.

The second exogenous variable is organizational culture, which includes five indicators: achieving goals, coordinated teamwork managing change, cultural strength, and customer orientation (Sashkin & Rosebach, 2013). Organizational culture refers to the values, beliefs, expectations, and shared experiences acquired through the education, socialization, management, employees, and staff participation within a company (Bos-Nehles, Bondarouk, & Nijenhuis, 2017). These cultural elements encompass standards, experiences, philosophies, values, and formal procedures that contribute to an organization's unity, identity, internal functioning, self-perception, and interactions with the external environment (Brewer & Selden, 2020). However, these aspects of culture are mutually shared and embraced. Organizational culture evolves and solidifies over time through the influence of corporate founders, staff training, and senior management, leading to the socialization and adaptation to specific norms (Boyne, Jenkins, & Poole, 2019).

Lastly, the third exogenous variable is corporate social responsibility (CSR), which is measured by five indicators: environmental policies, workplace policies, marketplace policies, company values, and community policies (European Commission Directorate - General for Enterprise, 2012). The theory of corporate social responsibility (CSR), also called social responsibility, has been evolving over the years. With globalization bringing about constant global changes, CSR has emerged as a fundamental element of corporate strategy (Jamali & El Safadi, 2019). Today, Corporate social responsibility (CSR) and sustainability are prominent and influential movements in the business realm. A shift in societal awareness fuels these trends, as companies now recognize that they cannot pursue profits without considering the effects of their strategies and actions on the environment, economy, and society as a whole. It is no longer viable for companies to prioritize benefits without considering their broader impact on the environment and social well-being (Maldonado-

Erazo, 2020). As cited in the study by Sen (2017), CSR (Corporate Social Responsibility) involves companies' ongoing dedication to promoting economic progress and enhancing the well-being of their families, employees, and the broader community and society at large.

The latent endogenous variable is a business strategy that has three indicators, namely; cost reduction, quality enhancement, and innovation (Chow & Liu, 2013). Strategy plays a pivotal role in determining organizational decisions, capabilities, performance, and competitive advantages, particularly in times of crisis (Azmi et al., 2020). The research proposes that a clearly defined framework is essential for the effective execution of a strategy. Organizational culture describes how people and groups are formally organized within a business, with duties, responsibilities, and authority distributed to effectively direct business activities. Other scholars have asserted that the long-term sustainability of manufacturing firms depends on various factors, including their ability to use financial resources, innovate, technology, and networking (Zalina et al., 2016; Mahani & Suraiya, 2019). SMEs are growing, which is determined by their pursuit of opportunities and maximum effort in uplifting their business (Zurinah et al.,2019).

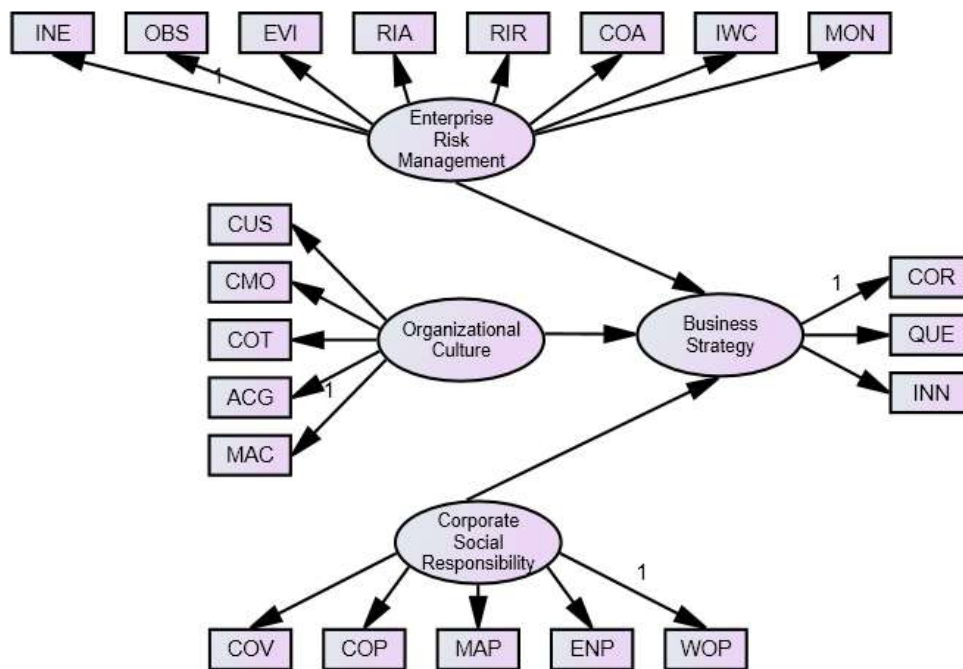


Figure 1. A Model Showing the Conceptual Model of the Three Latent Exogenous Variables to the Latent Endogenous Variable

Legend:

- | | | |
|--------------------------------|------------------------------|----------------------------|
| INE - Internal Environment | MON - Monitoring | MAP - Marketplace Policies |
| OBS - Objective Setting | MAC -Managing Change | COP - Community Policies |
| EVI - Event Identification | ACG - Achieving Goals | COV - Company Values |
| RIA - Risk Assessment | COT - Coordinated Teamwork | COR - Cost Reduction |
| RIR - Risk Response | CMO - Customer Orientation | QUE - Quality Enhancement |
| COA - Control Activities | CUS - Cultural Strength | INN - Innovation |
| IWC- Information/Communication | WOP - Workplace Policies | |
| | ENP - Environmental Policies | |

Given the context above, the researcher chose to conduct the study focusing on three independent variables for business strategy: ERM, organizational culture, and CSR. Several papers found a significant relationship between ERM and business strategy (Islami et al., 2020; Soltanzadeh, 2016; Rehman & Anwar, 2019), organizational culture and business strategy (Dadzie et al., 2017; Krupskyi & Kuzmytska, 2020) CSR and business strategy (Jansson et al., 2017; Yuan et al., 2020) but based on the absence of existing research analyzing the relationship between the enterprise risk management, organizational culture and corporate social responsibility towards business strategy using the structural equation model (SEM), the researcher decided to undertake the study to fill this research gap. Furthermore, it is anticipated that this

research will significantly contribute to the existing body of knowledge in the field by generating a business strategy model tailored explicitly for food manufacturing firms. Additionally, it is worth noting that this study represents the first investigation of business strategy conducted in Region XII.

This study aims to determine the best-fit model that predicts the business strategy of food manufacturing firms in Region XII. Specifically, this study has the following objectives: to identify the level of enterprise risk management of food manufacturing firms in terms of objective setting event identification risk assessment, internal environment, monitoring, information/communication, control activities, and risk response; to measure the level of organizational culture of food manufacturing firms in terms of achieving goals, coordinated teamwork managing change, cultural strength, and customer orientation; to determine the level of corporate social responsibility of manufacturing firms in terms of environmental policies, workplace policies, marketplace policies, community policies, and company values; to ascertain the level of business strategy of food manufacturing firms in term of cost reduction, quality enhancement, and innovation; to determine the significant relationship between enterprise risk management and business strategy, organizational culture and business strategy, and corporate social responsibility and business strategy; to establish the significant influence of enterprise risk management, organizational culture and corporate social responsibility on business strategy; and to recognize the best fit model on business strategy of food manufacturing firms in Region XII.

Furthermore, the null hypotheses were examined at a significance level of 0.05. There is no significant relationship between enterprise risk management and business strategy, organizational culture and business strategy, and corporate social responsibility and business strategy. Enterprise risk management, organizational culture, and corporate social responsibility do not significantly influence manufacturing firms' business strategy, and there is no best-fit model that predicts business strategy.

The study's findings make a substantial empirical contribution to the existing body of knowledge and important information on business strategy considering enterprise risk management practices, organizational culture, and corporate social responsibility as experienced by food manufacturing firms in ensuring the firm's success.

Moreover, the result will be used as a basis for the development and improvement of the short-term and long-term strategic plans of the enterprises that will result in business advantage and performance.

Furthermore, this study will provide a new theoretical model of business strategy in enterprises, specially in food manufacturing firms which also demonstrates the relevance of the business strategy implementation that contributes to the business's competitive advantage over its competitor. As Abdulwase, et al. (2020) mentioned, business strategy has a vital role in creating competitive advantages for the business.

Furthermore, the findings of the study will have positive implications for society, as they can contribute to economic development and employment as a vital role of food manufacturing firms (Prasanna et al., 2019). Ultimately, the findings of this study can serve as foundational data and secondary sources for researchers and academics interested in pursuing additional research on business strategy.

II. METHOD

Research Respondents

This study follows a scientific process in choosing the respondents of the survey. This study employed specific criteria approved by UMERG to select respondents. For the study, a survey was conducted involving 400 managers, supervisors, or owners. To identify the number of food manufacturing firms in the Region, data was obtained from the Local Government Units and DTI Region XII. These lists were a basis for determining the potential respondents among the food manufacturing firms operating in Region XII. Furthermore, Deng, Yang, and Marcoulides (2018) argue that a sample size above 200 is optimal when utilizing Structural Equation Model (SEM). Since SEM requires large samples for effectiveness and to minimize measurement errors (Dash & Paul, 2021), securing a sample of 400 respondents for this study is appropriate and justified.

The respondents of the study were selected using stratified random sampling. This sampling method was used considering the inclusion criteria set by the researcher in choosing its sample. Further, this sampling method gives better accuracy in results than other sampling methods (Bhardwaj, 2019) and provides a very representative sample of the population (Sharma, 2017).

In addition, the study's respondents were the managers, supervisors, or owners of food manufacturing firms in Region XII. The study considered individuals who have served as managers, supervisors, or owners in manufacturing industries for a minimum of three (3) months and whose businesses have been operational for at least five (5) years as respondents. These respondents could be of any gender, aged between 20 and 65 years, and must hold at least a bachelor's degree relevant to their job. Newly appointed supervisors with less than three months of experience working in food manufacturing sectors that have yet to exist for at least five years were excluded from the study. Additionally, individuals

who were outside the study's specific locale were also excluded. Respondents were given the opportunity to withdraw from the study if they felt uncomfortable, intimidated, or experienced any real or perceived physical, psychological, or emotional harm. The research was conducted in Region XII.

The researcher decided to investigate food manufacturing firms in Region XII because she wanted to find out in a broader scope whether enterprise risk management, organizational culture, and corporate social responsibility influence business strategy. Further, every business's ability to sustain and expand depends on its strategies (Abdulwase et al., 2020). Thus, conducting this study in the Region can scientifically determine the level of strategy employed by food manufacturing firms considering ERM, organizational culture, and CSR as independent variables. This was the first multivariate study conducted in the Region with the application of Structural Equation Modeling. Moreover, the area is very accessible to the researcher, making it easy for her to collect the data crucial to realizing the study's goal.

Materials and Instrument

An adapted and modified questionnaire was used to gather primary data covering and measuring the constructs: enterprise risk management, organizational culture, corporate social responsibility, and business strategy of food manufacturing firms in Region XII. The study used survey questionnaires that were sourced from various relevant researchers. However, they were restructured to ensure their applicability to the current context and the local business environment. The adapted and modified questionnaires underwent validation by a team of experts, including five internal and one external validator. The validation procedure evaluated several factors, including objectivity, appropriateness, suitability of questions within each category, presentation, and organization of items, and the attainment of the primary objective. This validation procedure resulted in an outstanding rating of 4.62 for the improved instrument.

Furthermore, to guarantee the suitability of the tool/instrument, the questionnaire was pre-tested using Cronbach Alpha, a method used by academics to examine the validity of multiple-question surveys utilizing the Likert scale. Cronbach alpha determines how closely a group of test items is related (UCLA, 2021). The Cronbach's alpha acceptable value is 0.70 (Taber, 2018). The Cronbach alpha for enterprise risk management, organizational culture, corporate social responsibility, and business strategy are .970, .983, .980, and .934, respectively. Furthermore, as stated by Nawi, Tambi, Samat, and Mustapha (2020), as Cronbach's alpha coefficient approaches one, it indicates a higher level of internal consistency among the items in the scale. The first instrument measures the enterprise risk management level of food manufacturing firms. The tool is based on Altemeyer (2004). Enterprise risk management has the following indicators: objective setting, event identification, risk assessment, internal environment, monitoring, information/communication, control activities, and risk response. The second instrument is organizational culture, which was adapted from the study of Sashkin and Rosebach (2013). The survey questionnaire was created to measure the organizational culture of food manufacturing firms based on five indicators: achieving goals, coordinated teamwork managing change, cultural strength, and customer orientation. The third instrument is corporate social responsibility which was adapted from the study of the European Commission Directorate-General for Enterprise (2012). The tool was designed to measure the corporate social responsibility of food manufacturing firms based on five indicators: environmental policies, workplace policies, marketplace policies, community policies, and company values. The fourth instrument, business strategy, was adapted from the study of Chow and Liu (2013). The tool was created to evaluate cost reduction, quality enhancement, and innovation as indicators of business strategies of manufacturing firms. The respondents used a five-point Likert scale with descriptions ranging from "Strongly Disagree to Strongly Agree" on a scale from 1 to 5 to indicate their responses.

The scale for interpreting the level of enterprise risk management, organizational culture, corporate social responsibility, and business strategy is as follows:

Range of Means	Descriptive Level	Interpretation
4.20 - 5.00	Very High	This means that the measures of ERM, OC, CSR and BS are always manifested/observed.
3.40 - 4.19	High	This means that the measures of ERM, OC, CSR and BS are often manifested/observed.
2.60 - 3.39	Moderate	This means that the measures of ERM, OC, CSR and BS are sometimes manifested/observed.
1.80 - 2.59	Low	This means that the measures of ERM, OC, CSR and BS are seldom manifested/observed.
1.00 - 1.79	Very Low	This means that the measures of ERM, OC, CSR and BS are almost never manifested/observed.

Design and Procedure

This study uses a quantitative non-experimental research approach and uses structural equation modeling and descriptive-predictive analysis to develop the most suitable model for business strategy. One of the most common forms of research designs is non-experimental research, in which the subject of the study is observed as it occurs naturally without the introduction of any outside influences (Asenahabi, 2019). Meanwhile, descriptive research aims to illustrate and categorize the phenomenon (Nassaji, 2015). The descriptive-predictive technique is employed to explain the phenomenon under investigation and describe the variables, conditions, and attributes that were present. It also shows the best decision to make and considers a range of possible solutions in analyzing desired results (Mon, Akkadechanunt & Chitpakdee, 2022).

In addition, this study utilized structural equation modeling (SEM) to construct the most suitable model for the topics being investigated. SEM is a robust multivariate technique increasingly employed in scientific research to examine and assess the causal relationships among multiple variables (Fan et al., 2016). It is emphasized in the study of Tripathi and Jha (2017) that the structural model establishes the relationship among latent variables. Further, this study examines the relationships between the three exogenous variables: enterprise risk management, organizational structure, and corporate social responsibility, and the endogenous variable: the business strategy.

Multiple procedures were implemented to gather the data utilized in the study. In the first procedure, dated November 26, 2022, the researcher received the certificate of approval from the UMERC to implement the study. The researcher then conducted the pilot testing of the validated questionnaires on the food manufacturing firms in the two municipalities of Sultan Kudarat. The researcher also follows the safety protocol in the study due to the COVID-19 pandemic. After the result of the Cronbach alpha and the go signal of the statistician to thoroughly conduct the study, the researcher disseminated and collected the validated questionnaires from several provinces in Region XII from December 2022 to January 2023.

The following statistical tools were used for encoding, tabulating, and analysis. The level of organizational culture, corporate social responsibility, and business strategy were all measured using the mean. The links between enterprise risk management, organizational culture, corporate social responsibility, and business strategy were examined using Pearson Product Moment Correlation (Pearson R). Multiple regression was employed to identify which of the exogenous variables, namely; enterprise risk management, organizational culture, and corporate social responsibilities, best influences the business strategy. Structural Equation Modeling (SEM) was used to choose the best model. All included indices must fall within acceptable limits for a model to be deemed the best fit. To do this, certain conditions must be met, such as the chi-square/degrees of freedom value being less than 5 and the corresponding p-value being higher than 0.05. Additionally, the root mean square error approximation value should be less than 0.05, and the Pclose value should be higher than 0.05. Along with being higher than 0.95, the normed fit index, Tucker-Lewis index, comparative fit index, and quality of fit index should all be.

To protect the rights of participants and retain the anonymity of the data they provided, the researcher ensured that ethical standards were followed throughout the study. The University of Mindanao Ethics Review Committee (UMERC) protocol standards and guideline protocol Number UMERC-2022-389 (Appendix G) were strictly observed and followed when evaluating the study protocol and adhering to ethical considerations.

III. RESULT AND DISCUSSION

Enterprise Risk Management (ERM), Organizational Culture (OC), Corporate Social Responsibility (CSR) and Business Strategy (BS)

Presented in Table 1 is the level of enterprise risk management, organizational culture, corporate social responsibility, and business Strategy of food manufacturing firms in Region XII.

Table 1

Level of Enterprise Risk Management, Organizational Culture, Corporate Social Responsibility, and Business Strategy

Indicators	SD	Mean	Descriptive Level
Enterprise Risk Management	0.46	4.18	High
Organizational Culture	0.63	4.03	High
Corporate Social Responsibility	0.63	4.22	Very High
Business Strategy	0.60	4.37	Very High

ERM's total mean score was 4.18, with a 0.46 standard deviation, which is considered *high*. This means that food manufacturing firms in Region XII often observed ERM in the organization. The high level of Enterprise Risk Management (ERM) observed in food manufacturing firms can be attributed to the favorable ratings given by the respondents regarding the internal environment, objective setting, event identification, risk assessment, risk response, control activities, information/communication, and monitoring. The managers, supervisors, and owners of food manufacturing firms believe that the adoption of ERM is vital for continued growth and long-term competitive business advantage. According to various authors, these components of enterprise risk management are anticipated to enhance performance and augment business value (Chen, Chuang, Huang & Shih, 2019; Alawattagama, 2018) who emphasized that implementation of ERM can boost the value of businesses as ERM improves the ability of the company to identify, assess and handle its risk portfolio. SMEs are more aware of the importance of risk management and creating risk models (Saeidi et al., 2019) to achieve competitive advantage against competitors (Yang, Ishtiaq & Anwar, 2018).

The results on organizational culture indicate a mean score of 4.03 with a standard deviation of 0.63, indicating a high level of organizational culture. This suggests that food manufacturing firms' managers, supervisors, and owners frequently observe and prioritize organizational culture. Further, the outcome is consistent with the research of Boyne, Jenkins, and Poole (2019) that the culture in the organization would choose, easily accept, and implement the culture that best suits achieving organizational goals. In addition, improving organizational learning and knowledge management capacities is supported by corporate culture (Alshammari, 2020). These research findings make it clear that achieving goals, cultural strength, coordinated teamwork, managing change, and customer orientation improves organizational performance. The investigation's conclusions are consistent with those of earlier field research (Sedighi et al. 2018; Attia & Essam Eldin 2018).

Presented also in Table 1 is the overall result on corporate social responsibility of manufacturing firms in Region XII. The respondents constantly acknowledge corporate social responsibility, as seen by the extremely high standard deviation of 0.63 and overall mean rating of 4.22. This implies that CSR is often observed in food manufacturing firms. Additionally, the study's findings, which are also supported by Morsing and Spence (2019), demonstrate that corporate social responsibility (CSR) is a tool that businesses use to communicate their continuous dedication to promote growth in the economy through improving the well-being of workers, their household members, and society as a whole. Additionally, it is regarded as organizational action that can satisfy various business obligations to diverse stakeholders, including employees, shareholders, communities, and clients, in terms of long-term sustainable growth and competitive advantage (Han et al., 2019). Thus, firms can strengthen their relationships with stakeholders and organizational performance with those competitive advantages by carrying out such obligations as social citizens (Kuo et al., 2021; Hwang & Lyu, 2018).

Regarding the results on business strategy in food manufacturing firms in Region XII, the overall mean obtained was 4.37, which is interpreted as a very high score. The standard deviation of 0.60 suggests that the measures of business strategy are always observed by managers, supervisors, and owners in these firms. Moreover, the study outcomes conform to the study of Amat and Ishak (2019) and Azmi et al. (2020) that in times of crisis, strategy is a critical organizational resource in influencing business decisions, capabilities, competitive advantages, and performance. Other experts contend that SMEs' ability to innovate, access to funding, networking opportunities, and technological advancements are all necessary for their long-term viability (Ibrahim, Abdullah, & Ismaeil, 2016; Amat & Ishak, 2019).

Furthermore, Tahir et al. (2019) concluded that SMEs' growth is influenced by their proactive pursuit of opportunities and exerting maximum effort to uplift their business. These results highlight the value of crisis management, remediation, and rescue tactics for SMEs during economic instability. By implementing these critical methods, the company can reduce its risk of failure, its exposure to adverse financial effects, and its performance risk (Svatošová, 2017).

Significance of the Relationship between Enterprise Risk Management and Business Strategy

Table 2 displays the computed correlation coefficient (r-value) for the variables on enterprise risk management and business strategy of food manufacturing firms. The combined computed r-value of .676 denotes a high positive correlation, and given the probability value of less than 0.05, the results suggest that enterprise risk management has a significant direct relationship with business strategy; thus, the null hypothesis is rejected.

Table 2

Significance on the Relationship between Enterprise Risk Management and Business Strategy of Food Manufacturing Firms

Enterprise Risk Management	Business Strategy			
	Cost Reduction	Quality Enhancement	Innovation	Overall
Internal Environment	.343** .000	.354** .000	.325** .000	.364** .000
Objective Setting	.311** .000	.295** .000	.282** .000	.317** .000
Event Identification	.436** .000	.415** .000	.358** .000	.432** .000
Risk Assessment	.491** .000	.478** .000	.458** .000	.509** .000
Risk Response	.546** .000	.526** .000	.471** .000	.551** .000
Control Activities	.546** .000	.524** .000	.496** .000	.559** .000
Information/Communication	.640** .000	.671** .000	.679** .000	.708** .000
Monitoring	.640** .000	.663** .000	.626** .000	.687** .000
Overall	.646** .000	.643** .000	.607** .000	.676** .000

The internal environment and objective setting also posted an r-value of .364 and .317, respectively, denoting a low positive correlation on business strategy. The results indicate that event identification, risk assessment, risk response, and control activities exhibit moderate positive correlations with business strategy, as reflected by the respective correlation coefficients of .432, .509, .551, and .559. The remaining indicators of enterprise risk management show a high positive correlation to business strategy with resulted from r-value of .708 for information communication and .687 for monitoring.

Most manufacturing companies categorize business strategies into differentiation and cost leadership under the mediation form of fit, where performance will be improved by a good fit between strategy and ERM execution (Rehman & Anwar, 2019). Furthermore, the conclusions of the study by Soltanizadeh et al. (2016) are supported by the study's findings which depict that enterprise risk management significantly predicts business strategy.

Most enterprises utilize enterprise risk management to identify and manage strategic risks that significantly impact an organization's ability to execute its strategy and achieve its goals. This further means that better ERM will result in effective and efficient implementation of strategies.

Significance on the Relationship between Organizational Culture and Business Strategy

Table 3 presents the data regarding the relationship between organizational culture and business strategy. The overall correlation coefficient (r-value) is .662, with a significance level (p-value) of less than 0.05. This indicates a strong positive correlation between the variables. As a result, the null hypothesis is rejected, suggesting a significant relationship between organizational culture and business strategy. Furthermore, it is observed that managing change ($r\text{-value}=.531, p<0.05$) and customer orientation ($r\text{-value}=.574, p<0.05$) show a moderate positive correlation on business strategy. In contrast, the remaining indicator of organizational culture, which are achieving goals, coordinated teamwork, and cultural strength, with resulted from r-value of .612, .746, and .614, respectively, with $p<0.05$, reveals a high positive correlation on business strategy.

Table 3*Significance on the Relationship between Organizational Culture and Business Strategy of Food Manufacturing Firms*

Organizational Culture	Business Strategy			
	Cost Reduction	Quality Enhancement	Innovation	Overall
Managing Change	.495** .000	.500** .000	.495** .000	.531** .000
Achieving Goals	.604** .000	.591** .000	.520** .000	.612** .000
Coordinated Teamwork	.660** .000	.705** .000	.733** .000	.746** .000
Customer Orientation	.536** .000	.546** .000	.529** .000	.574** .000
Cultural Strength	.609** .000	.592** .000	.518** .000	.614** .000
Overall	.627** .000	.632** .000	.599** .000	.662** .000

This also supports the study of Iasac and Remes (2018) that the characteristics of how strategies are developed and interpreted are determined by culture. The adopted strategy improves the created culture when carried out according to values and standards. In other words, while systems help to make certain organizational cultures, other techniques call for creating and applying certain organizational cultures. Moreover, organizational culture is a tool that can support corporate objectives, convey the values that an organization's founders wish to inculcate and impact decision-making and business strategy (Wahyuningsih, Sudiro, Troena & Irawanto, 2019).

Significance on the Relationship between Corporate Social Responsibility and Business Strategy

Table 4 displays the data highlighting the significance of the relationship between corporate social responsibility and business strategy. The overall correlation coefficient (r-value) obtained from the mentioned measures is 0.798, with a p-value less than 0.05. This indicates a statistically significant relationship between corporate social responsibility and business strategy, as the significance level is below the threshold of 0.05. The substantial result obtained from the analysis leads to the rejection of the null hypothesis. Additionally, when examining the individual indicators of corporate social responsibility, such as workplace policies, environmental policies, marketplace policies, community policies, and company values, each shows a strong positive correlation with respective R-values of 0.763, 0.723, 0.765, 0.772, and 0.708, all with p-values less than 0.05.

The proposition of Li et al. (2019) is that in achieving strategic business objectives, strategic CSR is required. Companies must thoroughly investigate the ways and means of tying CSR to core business activities to align CSR with business strategy. CSR initiatives help a company's intangible resources grow by enhancing its reputation and cultivating customer trust (Mishra, 2017). Furthermore, Yuan et al. (2020) study found that a company is more likely to engage in internal CSR activities the more important CSR activities are to the company's objective. They contend that variations in CSR may be related to corporate strategy. Additionally, CSR can be employed as a low-cost strategy in a highly competitive setting to handle the challenges of the market (Newman, Rand, Tarp, & Trifkovic, 2020).

Table 4
Significance on the Relationship between Corporate Social Responsibility and Business Strategy of Food Manufacturing Firms

Corporate Social Responsibility	Business Strategy			
	Cost Reduction	Quality Enhancement	Innovation	Overall
Workplace Policies	.684** .000	.712** .000	.750** .000	.763** .000
Environmental Policies	.677** .000	.686** .000	.666** .000	.723** .000
Marketplace Policies	.711** .000	.714** .000	.722** .000	.765** .000
Community Policies	.702** .000	.721** .000	.748** .000	.772** .000
Company Values	.665** .000	.677** .000	.644** .000	.708** .000
Overall	.735** .000	.751** .000	.757** .000	.798** .000

Significance on the Influence of Enterprise Risk Management, Organizational Culture, Corporate Social Responsibility on Business Strategy

Table 5 illustrates the regression analysis results, indicating the influence of the exogenous variables, namely enterprise risk management, organizational culture, and corporate social responsibility, on business strategy. The study's overall findings demonstrate that all three exogenous variables significantly influence business strategy, as evidenced by an F-value of 240.706 and a p-value less than 0.05. As a result, the null hypothesis is rejected, suggesting a meaningful relationship between the exogenous variables and business strategy. Furthermore, the R² value of .645 indicates that 64.50 percent of the business strategy is attributed to enterprise risk management, organizational culture, and corporate social responsibility. Further, other factors that were not examined in this study can account for the remaining 35.50 percent.

Table 5
Significance on the Influence of Enterprise Risk Management, Organizational Culture and Corporate Social Responsibility on Business Strategy of Food Manufacturing

Exogenous Variables	Business Strategy			
	B	β	t	Sig.
Constant	.874		5.082	.000
Enterprise Risk Management	.111	.084	1.379	.169
Organizational Culture	.072	.075	1.276	.203
Corporate Social Responsibility	.650	.675	13.395	.000
R	.804			
R ²	.646			
ΔR	.643			
F	240.706			
ρ	.000			

Additionally, when considering individual variables, the data indicates that only the corporate social responsibility variable, with a p-value less than 0.05, significantly influences the business strategy of the food manufacturing firms. Furthermore, it was identified as the most effective predictor of business strategy among the variables examined in the study. The result of the study is supported by the study of Li et al. (2019) that businesses can gain a competitive edge in a highly competitive industry by implementing a corporate social responsibility (CSR) differentiating strategy on the quality improvement of the products and low-cost strategy (Li et al, 2019). The low-cost strategy is ideal for food manufacturing firms, especially those products with the same business line (Nehru, 2016). Moreover, CSR has long been seen as a valuable tool for businesses looking to generate the assets or skills that provide them with a competitive edge. Additionally, Companies that differentiate themselves through corporate social responsibility (CSR) and adopt a low-cost strategy can gain an advantage in a fiercely competitive market (Liu, 2020).

Best Fit Model of Business Strategy (BS)

The primary objective of this study is to identify the most appropriate model for business strategy within the context of food manufacturing firms in Region XII. This objective is achieved by considering enterprise risk management, organizational performance, and corporate social responsibility as predictors in the analysis. Each model developed in this study consists of a framework that can be divided into two separate components: the structural model, which outlines the relationships between the latent variables, and the measurement model, which determines the loadings of each item on its respective latent construct. The model's acceptability is assessed by evaluating its fit to the data. Based on this evaluation, the model may be accepted or rejected. The best-fit model establishes the connections between endogenous and exogenous variables. When a well-fitting structural model is obtained, it confirms that the model accurately represents the empirical relationships between the variables. The model parameter estimates offer valuable information regarding the strength and direction of the relationships between the variables. The variable screening was conducted meticulously to ensure the normality of the data. Only variables with interval or ratio data were considered in constructing the model. The developed model in this study is aligned with relevant theories that support its conceptual framework and hypotheses.

Table 6 summarizes the goodness-of-fit measures for the five models generated in this study. These measures are used to assess how well the models fit the observed data. The identification of the best-fit model was based on the criterion that all indices consistently fall within acceptable ranges. The p-value should be greater than 0.05, and the Chi-square/degrees of freedom (CMIN/DF) value should be between 0 and 2. Additionally, the goodness of fit index (GFI), comparative fit index (CFI), normed fit index, and Tucker-Lewis index should all be greater than 0.95. The root-mean-square error (RMSEA) should be less than 0.05, and the corresponding P-close value should be greater than 0.05. Based on the summary of the goodness of fit measures for the five generated models, it was determined that models 1 to 4 needed to meet the criteria for the normed fit index, Tucker-Lewis index, comparative fit index, and the goodness of fit index. However, model 5, as shown in Figure 3, demonstrated indices within each criterion and consistently indicated a perfect fit. Hence, based on the evaluation of the goodness-of-fit measures, this model was identified as the best fit among the tested models. As a result, the null hypothesis of no best-fit model was rejected, confirming the presence of a model that effectively predicts the business strategy of food manufacturing firms in Region XII.

Table 6
Summary of Goodness of Fit Measures of the Five Generated Models

Model	P-value (>0.05)	CMIN/DF (0<value<2)	GFI (>0.95)	CFI (>0.95)	NFI (>0.95)	TLI (>0.95)	RMSEA (<0.05)	P-close (>0.05)
1	.000	30.082	.493	.624	.617	.576	.270	.000
2	.000	28.027	.512	.654	.647	.606	.260	.000
3	.000	26.762	.503	.669	.661	.624	.254	.000
4	.000	26.582	.501	.675	.667	.627	.253	.000
5	.296	1.184	.993	.999	.996	.998	.021	.862

Legend: CMIN/DF – Chi Square/Degrees of Freedom NFI – Normed Fit Index
 GFI – Goodness of Fit Index TLI – Tucker-Lewis Index
 RMSEA – Root Mean Square of Error Approximation CFI – Comparative Fit Index

Based on Figure 2, it is evident that cost reduction and quality enhancement are retained as the measurement constructs of business strategy, representing two out of the three indicators in the model. Cost reduction is an observed indicator that predicts business strategy that refers to minimizing expenses and other factors that could significantly affect the organization's operation (Ranieri, Digiesi, Silvestri, & Roccotelli, 2018). Further, quality enhancement refers to creating a standard for the production and functions of the firms (Williams, 2016). According to the study of Bayo-Moriones et al., (2021), a cost reduction strategy improves the efficiency of firms' production processes. It contributes to the overall performance of the organization. Enhancing organizational performance is highly desirable in a low-cost strategy. This strategy describes a company's method to create or offer goods and services at a lower price than its rivals.

According to the study of Xiao, Xu, Zheng, and Huang (2020), most manufacturing firms widely practice a quality enhancement strategy since they tend to produce quality products for the marketplace than their competitors. Porter's model also supports this, and generic strategies are fundamental elements of management theories that explain the behavior of firms toward their competitors within a specific industry. By improving the quality of the food products, they provide in the market, a company may identify its niche within the industry and obtain a thorough understanding of its clients. This is done by executing a successful competitive strategy (Islami, Mustafa & Topuzovska Latkovikj, 2020). Only two out of eight indicators for enterprise risk management, one of the study's exogenous variables, seemed to have a direct connection with business strategy. These are internal environment and event identification. An entity's ethical beliefs, the skill and growth of its employees, the management's operational style, and the delegation of power and responsibility are just a few examples of the many sub-components that make up the internal environment. While event identification is also called risk event identification that refers to the incident or occurrence of internal and external factors that could cause a positive or negative impact to the organization (Altemeyer, 2004). These are consistent with the study of Alawattegama (2018) that the internal environment of an organization encompasses its attitudes, thinking, and awareness regarding the function and significance of enterprise risk management (ERM) in creating and preserving the firm's value. It reflects the organization's internal perspectives and how it perceives the role and importance of ERM within its operations. The findings imply that comprehensive risk management guidelines are established in the organization, and senior executives oversee putting them into practice. In addition, by assisting risk managers and senior management in identifying, monitoring, and managing the company's whole risk portfolio, ERM implementation as one of the strategies in an organization seeks to increase business value (Shad, Lai, Fatt, Klemeš, & Bokhari, 2019).

For the organizational culture variable of the study, two out of five domains were included in the best-fit model. These are managing change and cultural strength. The results support the study of Lewis (2019) that managing change in the organization focuses on adaptation and management since the business environment is constantly changing. In addition, the widespread distribution of change in the business environment initiates and shapes organizational change. With this point of view, the company may be able to explain the difference and how it was managed in terms of current business practices by relying on the extensive and diverse body of knowledge about organizational change and innovation (Hanelt, Bohnsack, Marz, & Antunes Marante, 2021). Culture also use in the organization to further strengthen their goals, express the values they want to uphold and affect business strategy and decision-making. Organizational culture impacts the system and policy of managing human resources, which would increase employee loyalty and boost business competitiveness (Wahyuningsih, Sudiro, Troena, & Irawanto, 2019).

Furthermore, corporate social responsibility, workplace, and community policies are the remaining indicators in the best-fit model. The findings of the study support the claims of Rank and Contreras (2021) that workplaces that have created policies for the development of work-life balance, employee growth, employee involvement, health and safety, and employee appreciation have been conceived as psychologically healthy workplaces that contribute to the productivity of the employees. Moreover, CSR and sustainability are important business trends. All of this is motivated by the shift in social conscience that businesses can only gain advantages at a cost by considering how their strategies and actions will affect the environment, the economy, and society (Maldonado-Eraz et al., 2020).

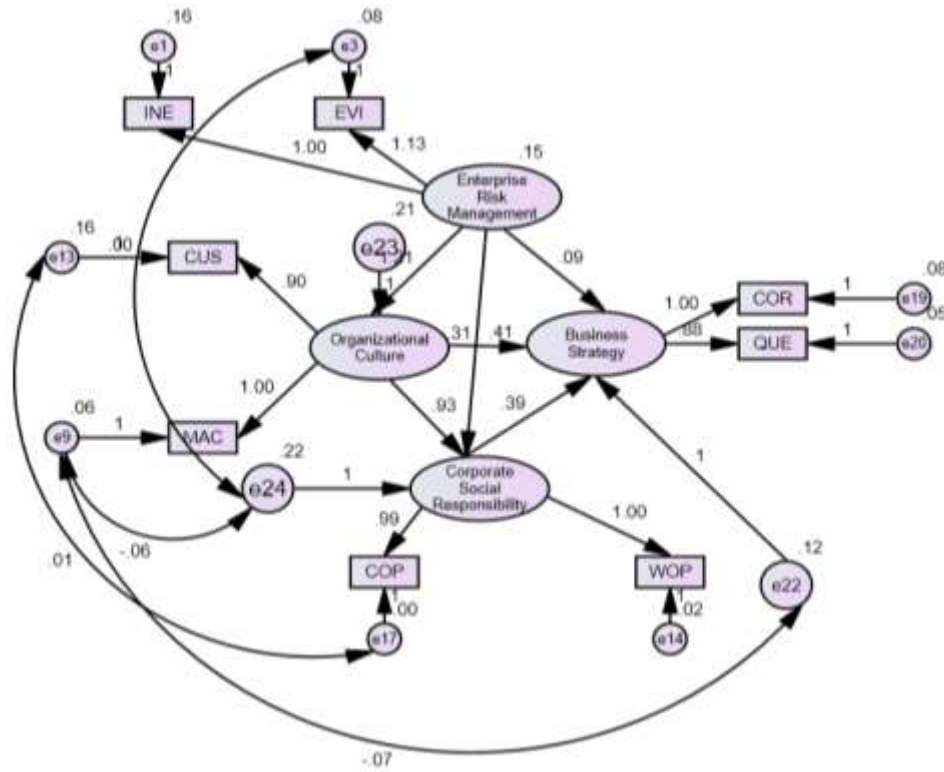


Figure 2. The Interrelationship Between Enterprise Risk Management, Organizational Culture, and Corporate Social Responsibility and their Direct Casual Relationship towards Business Strategy

Legend:

INE - Internal Environment
 EVI - Event Identification
 MAC -Managing Change

CUS - Cultural Strength
 WOP - Workplace Policies
 COP - Community Policies

COR - Cost Reduction
 QUE - Quality Enhancement

IV. CONCLUSION AND RECOMMENDATION

Utilizing a structural equation model (SEM) contributed to the study's consistency and reliability by employing a systematic model specification, estimation, and evaluation process. This approach ensured the robustness of the analysis and enhanced the overall quality and trustworthiness of the study's findings. Results showed that the enterprise risk management level and organizational culture are high, indicating that these variables are often observed and manifested. The study's findings reveal a very high level of corporate social responsibility and business strategy in the food manufacturing firms in Region XII. This suggests that these two variables are consistently observed and manifested within the organizations operating in the Region. The result underscores that the overall high-level impact on the enterprise risk management and organizational culture should be improved and enhanced to reach a very high level. The firms should conduct seminars and programs to improve their skills and widen their knowledge of ERM and organizational culture to help them manage and adapt to change. A high corporate social responsibility and business strategy is recommended to sustain and maintain their practices.

Further, the results show that enterprise risk management, organizational culture, and corporate social responsibility significantly correlated with business strategy. Out of the three variables, it was found that only corporate social responsibility best influences the business strategy of food manufacturing firms in Region XII. The connection between enterprise risk management, organizational culture, and corporate social responsibility concerning business strategy suggests that these factors need to be maintained by food manufacturing industries. This is because a higher level of these factors leads to the successful and streamlined implementation of strategies within the organization. This can be done by continuously setting strong enterprise risk management to ensure that the organization effectively manages the risk. It is also recommended that food manufacturing firms equip their lower-level management on enterprise risk

management since it is essential in every business, especially when there are changes and uncertainty. The food manufacturing firms should also foster the robust implementation of their culture since it influences the workers' behaviors and attitudes and is beneficial to the organization's overall operations. Further, food manufacturing firms should also maintain and enhance their responsibility in the organization, society, and environment to gain an advantage over their competitors.

Out of the five structural models examined, model five consistently exhibited excellent fit indices to the data, thus establishing it as the most suitable model. The best-fit model shows enterprise risk management with indicators of internal environment and event identification; organizational culture, which includes managing change and cultural strength; and the inclusion of workplace policies and community policies as additional indicators and reliable predictors of business strategy alongside corporate social responsibility highlights that enterprise risk management, organizational culture, and corporate social responsibility can serve as influential factors in the development of strategies that benefit and promote the growth of the firm.

A study on the indicators excluded after the structural equation modelling must be done to explore the characteristics of those indicators, which can also be used to ascertain the business strategy of food manufacturing firms in this unstable market environment. It is also recommended to conduct a similar study to identify robust predictors that were not covered in this study. Future researchers may also include another type of industry as the subjects of the study.

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