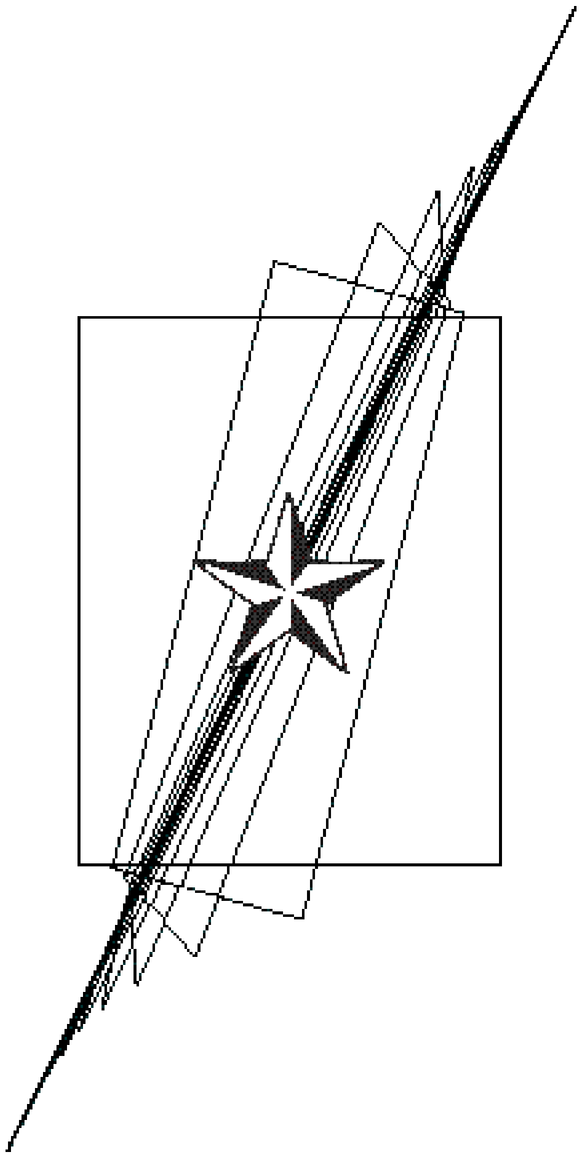

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From the Editor

Several topics are covered in this issue of the DLSU Business and Economics Review (DLSUBER). The emerging theme from these articles is the role of information generated by individuals and firms used in making decisions that impact on various stakeholders. Within that information focus, the more prominent issue being investigated by a number of articles is the disclosure on corporate social responsibility (CSR). CSR has become a significant contemporary research topic in management brought about by divergences on the reasons why it is being pursued.

Social responsibility has surfaced as a current feature of the corporate world arising from regulatory mandates intended to give a societal expression to the normal profit motivation of commercial enterprises. The justification for CSR is the fact that corporations operate within a setting where they are part of a social milieu interacting with various stakeholders. In this backdrop, pursuing the objectives of the owners and managers of corporations are vested with the intentions of other stakeholders, including the immediate community where they are located and the society at large. Thus, environmental protection, community engagements, compliance with ethical behavior and government mandates, as well as corporate governance are becoming the staple menu in CSR disclosures.

Corporations pursue social responsibility disclosure because CSR can enhance the reputation of firms by mitigating information asymmetry. In turn, this can reduce investment inefficiencies that can improve financial returns. On the other hand, CSR disclosure can be used by some firms to conceal the irregular behavior of managers. This opportunistic conduct of unscrupulous managers may worsen information asymmetry. This fundamental conflict in motivations in pursuing CSR emerges in several articles in this issue.

In the article **Corporate Social Responsibility and Investment Efficiency: Evidence From an Emerging Asian Market** by Ming-Te Lee, the author has linked CSR with investment efficiency through corporate governance. The author has shown that Taiwanese firms with more effective corporate governance features have a pronounced effect on reducing investment inefficiencies. Meanwhile, for firms with weak corporate governance structures, CSR disclosures have no significant effect on reducing investment inefficiencies. These mixed effects are reflective of the divergences on the motivations mentioned earlier.

This conflict in motivations to pursue CSR is further discussed in the article **Corporate Social Responsibility and Earnings Management: Evidence From Controversial and Non-Controversial Sectors in Asia** by Eugene Burgos Mutuc, Jen-Sin Lee, and Fu-Sheng Tsai. As earnings management gives a certain degree of managerial discretion, it can be an opportunity for earnings manipulation at the expense of the interests of other stakeholders. The authors have concluded that opportunistic path to CSR disclosure has been used in controversial sectors as managers tend to be more assertive in using discretionary accruals compared with managers in non-controversial sectors.

Beyond the internally generated initiative of corporate executives in disclosing social responsibility, there are external pressures that can compel firms to pursue CSR disclosure. The article **The Effects of External Stakeholder Pressure on CSR Disclosure: Evidence from Indonesia** by Anisa Ramadhini, Desi Adhariani, and Chaerul D. Djakman analyzed the role of customers, auditors, creditors, media, and other external factors on CSR disclosure. Based on a regression analysis, the authors concluded that among the key external stakeholders, only creditors and the media have significant pressure exerted on firms to pursue CSR disclosure.

One of the features of CSR disclosure is compliance with government regulations, including the payment of taxes. The article **Determinants of Tax Morale Using Structural Equation Model (SEM)** by Raymond S. Pacaldo and Rodiel Ferrer analyzed the impact of tax enforcement, trust in government, and other firm-specific characteristics on tax morale of the firms. Using structural equation modeling, the authors have concluded that tax compliance is not only pursued because of government mandate but because companies have strong trust in the government. In addition, the authors found that companies that are sole proprietorship have lower tax morale compared with corporations.

As earlier discussed, CSR disclosure has been used by socially motivated firms and non-controversial firms for improving their financial returns and long-term value of the company. Beyond CSR disclosure, these financial returns can also be influenced by other information and features of the firm that can influence financial leverage and dividend payout. The article **Effect of Moderating Variables: Financial Leverage and Dividend Payout of Publicly-Listed Property Sector of the Philippines** by Harrison Kendrick L. Chun, Cynthia P. Cudia, Tristan Dranel M. Papa, Raveena S. Tahilramani, and Althea R. Tan investigated the role of internal firm characteristics on this management objective. It was shown that certain features of the company could influence financial leverage and dividend payout, including liquidity, tangibility, and non-debt tax shields. This information can be useful to investors when evaluating the financial prospects of listed firms in the property sector.

Aside from these internal factors, external factors can likewise affect the financial performance of companies, as shown in the article **Determinants of Firm's Internal and Macroeconomic Factors on Financial Performance of Ethiopian Insurers** by Kishor Chandra Meher and Temesgen Zewudu. Similar to the previous study, the value of assets of the firm is influenced by internal factors, including size of the firm, asset growth, and market share. Meanwhile, an external factor found to have a significant effect on the value of assets of firms is GDP per capita.

The previous six articles are concentrated on information generated by firms for social corporate responsibility disclosure, on the one hand, and in improving the financial value of the company, on the other hand. The succeeding four articles are related because they focus on the broad role of information in decision making and how this information is generated and measured.

The article on **On Extreme Perception Bias** by Imelda Molina, Emerico Aguilar, and Klarizze Anne Puzon estimated the disparity between self-declared estimates and real data on diabetes and smartphone utilization. From the data generated, respondents in the survey showed an overwhelming self-declared estimates from real data. This result is relevant in light of the prevalence of fake news. The perception of individuals can be influenced by inaccurate information that can be the basis of self-declared estimates. The authors also concluded that age is the most significant determinant of perception bias in the case of diabetes and smartphone usage.

In the previous article, the huge information bias may arise from inaccurate information. Meanwhile, the article **A Productivity Assessment of PWD Employee in a Philippine Company** by Rosemary Seva debunked the information bias due to discrimination. Using a case study of a company in the Philippines, the author has shown that persons with disabilities (PWD) have the same performance and productivity as the other employees. Again, misinformation and information bias can lead to misallocation of resources and worst societal exclusion.

A related article on the how the youth shape their consumer behavior is the article **Japanese and Filipino College Students as Consumers: Does Country of Origin Affect Their Purchase Intent?** by Reynaldo Bautista, Jr., Takanori Osaki, and Luz Suplico Jeong. The authors tested the accepted perception that consumer behavior is based on their specific spatial environment. Based on a survey they conducted on Filipino and Japanese students, the authors have found that the purchase intent by Filipino and Japanese youth are not influenced by country of origin. Does this mean that national patronage has yielded to the impact of globalization and the digital world where the students are getting their information?

Meanwhile, the article **A Test of the Generalized Yunus Equation and its Implications for Microcredit in the Philippines** by Jasmin-Mae Santos Luy generated information that can be beneficial to microcredit institutions in the Philippines. The author has shown that when borrowers delay their installments near the end of the payment period rather than at the beginning, this strategy will be beneficial to the institutions providing microcredit.

Only one article does not fit the theme of information generation and utilization, but it is still significant in shedding light on the relationship between the public and financial sectors of the economy. The article **Fiscal Policy and Stock Market Movement in the Philippines** by Deborah Kim S. Sy concluded that there is a significant relationship between reverse repurchase rate and inflation rate, government fiscal position and GDP, and stock market index.

Still related to information, some unscrupulous individuals forged the special issue of the DLSU Business and Economics Review (April 2019) by inserting articles not reviewed and accepted by the editorial board. They did this by creating a fake website of the DLSUBER and accepted articles, and worse, collected publication fees. Because of this misrepresentation, the note **From the Editor** of DLSUBER becomes extremely indispensable to arrest any insertion of illegitimate articles in the future. This is so because the editor is able to weave the theme of the issue based on the digests of legitimate accepted articles.

On behalf of the editorial board, I thank all the contributors and reviewers of this issue for their continued support to the quest of DLSUBER in expanding and deepening the discourse in economics and commercial sciences in the region. As you know, the DLSUBER is currently ranked as one of the top journals in business and economics in the Asiatic region among Scopus-indexed journals. This accomplishment will not be possible without your assistance and support. Please accept my profound gratitude.

Tereso S. Tullao, Jr.
Editor-in-Chief