

# A Comparison of Corporate Social Responsibility between Multinational Corporations from Developed Countries and Thai Multinational Corporations in Thailand

## การเปรียบเทียบความรับผิดชอบต่อสังคมของบริษัท ระหว่างบริษัทข้ามชาติของประเทศที่พัฒนาแล้ว และบริษัทข้ามชาติของไทยในประเทศไทย

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### บทคัดย่อ

วัตถุประสงค์ของงานวิจัยนี้ เพื่อเป็นการศึกษาถึง แรงจูงใจหรือปัจจัยที่มีอิทธิพลต่อความรับผิดชอบต่อสังคมของบริษัทข้ามชาติของประเทศที่พัฒนาแล้ว และบริษัทข้ามชาติของไทย ลักษณะเด่นของการแสดงความรับผิดชอบต่อสังคม และเปรียบเทียบความเหมือนและความต่างของแรงจูงใจและการแสดงความรับผิดชอบต่อสังคมของบริษัทระหว่างบริษัททั้งสองประเภทนี้ การศึกษานี้เป็นงานวิจัยเชิงคุณภาพ โดยอิงอยู่บนทฤษฎีที่เกี่ยวข้องกับความรับผิดชอบต่อสังคมของบริษัทสี่ทฤษฎี ได้แก่ ทฤษฎีทางสถาบัน (Institutional Theory) ทฤษฎีสองมิติของความรับผิดชอบต่อสังคมของบริษัท (Two-dimensional Theory of CSR) โมเดลเกี่ยวกับผลการดำเนินงานทางสังคมของบริษัท (Conceptual Model of Corporate Social Performance) และทฤษฎีผู้มีส่วนได้ส่วนเสีย (Stakeholder Theory) จากการสัมภาษณ์เชิงลึกของบริษัทข้ามชาติหลาย ซึ่ง

ประกอบด้วยบริษัทข้ามชาติของประเทศพัฒนาแล้ว สามรายและบริษัทข้ามชาติของประเทศไทยสามราย พบว่า ทั้งหกบริษัทถือว่าความรับผิดชอบต่อสังคมของบริษัทเป็นส่วนหนึ่งของการดำเนินงานทางธุรกิจและเน้นว่าเป็นจุดเด่นของบริษัท บริษัทข้ามชาติของประเทศพัฒนาแล้วทั้งสามแห่งชี้ให้เห็นว่า ความรับผิดชอบต่อสังคมของบริษัทของสาขาที่อยู่ในประเทศไทยได้รับอิทธิพลมาจากความต้องการของประเทศไทยเองมากกว่ามาจากนโยบายของบริษัทแม่ ทั้งหกบริษัทไม่ได้จำกัดกิจกรรมความรับผิดชอบต่อสังคมของบริษัทแค่เฉพาะที่เกี่ยวข้องกับอุตสาหกรรมที่ตนอยู่เท่านั้น แต่จะเน้นถึงกิจกรรมที่เกี่ยวกับสังคมและสิ่งแวดล้อมโดยทั่วไปด้วย จุดอ่อนที่เหมือนกันประการหนึ่งคือ ไม่มีการวัดผลความสำเร็จของกิจกรรมทางความรับผิดชอบต่อสังคมของบริษัท ส่วนความแตกต่างที่สำคัญประการหนึ่งคือ บริษัทข้ามชาติของประเทศพัฒนาแล้วมักจะสื่อสารกิจกรรม

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ความรับผิดชอบต่อสังคมของบริษัทให้ผู้มีส่วนได้ส่วนเสียทั้งภายในและภายนอกองค์กรได้รับทราบ เพื่อเป็นการรักษาความสัมพันธ์ที่ดีกับผู้มีส่วนได้ส่วนเสียเหล่านั้น ในขณะที่บริษัทข้ามชาติของไทยไม่ได้ให้ความสนใจในการสื่อสารนี้ กล่าวโดยสรุป บริษัทข้ามชาติของไทยควรที่จะพิจารณาการจัดทำมาตรฐานวัดผลความสำเร็จของกิจกรรมทางความรับผิดชอบต่อสังคมของบริษัท โดยวัดจากประสิทธิผลที่เกิดขึ้นกับบุคคลหลายๆ ฝ่ายในสังคม การวัดผลความสำเร็จนี้มีประโยชน์ในการตรวจ

สอบว่าการใช้จ่ายเงินในกิจกรรมความรับผิดชอบต่อสังคมของบริษัทเป็นไปอย่างมีประสิทธิภาพหรือไม่ นอกจากนี้ บริษัทข้ามชาติของไทยควรมีการสื่อสารกิจกรรมความรับผิดชอบต่อสังคมของบริษัทต่อผู้มีส่วนได้ส่วนเสียทั้งภายในและภายนอกองค์กรให้มากขึ้น เพื่อให้พนักงานภายในองค์กรตระหนักถึงความสำคัญและสนับสนุนกิจกรรมเพื่อความรับผิดชอบต่อสังคมของบริษัท และเพื่อสร้างความร่วมมือจากบุคคลภายนอกด้วย

**คำสำคัญ:** ความรับผิดชอบต่อสังคมของบริษัท บริษัทข้ามชาติ ประเทศไทย



## Abstract

The objectives of this research are to study the motivation or factors influencing corporate social responsibility (CSR) of multinational corporations (MNCs) from developed countries and those from Thailand, distinct characteristics of CSR applications, and to compare and contrast motivations and applications of CSR between these two types of companies. This study is a qualitative research being based on four CSR related theories namely: the institutional theory, the two-dimensional theory of CSR, the conceptual model of corporate social performance, and the stakeholder theory. Top executives from six MNCs, of which three companies are from developed economies and the other three are from Thailand, were interviewed in depth. The key findings are that all six companies have treated CSR as part of their business operations and emphasized as companies' focus. Three MNCs from developed economies indicated that their CSR of their subsidiaries in Thailand is influenced by the needs of Thailand more than by headquarters' policies.

All six companies did not limit their CSR activities only to those related to their industries. Rather, they emphasized on the general social and environmental activities. One common weakness was the lack of success measure of CSR activities. One significant difference was that MNCs from developed economies normally communicated their CSR activities to both internal and external stakeholders in order to keep good relationship with them while MNCs from Thailand did not put much emphasis on the communication. In conclusion, MNCs from Thailand should consider developing measures of CSR success which should be measured from the effectiveness borne with multiple parties in the society. Success measurement is beneficial in checking whether CSR spending is efficient or not. In addition, Thai MNCs should communicate their CSR activities more to both internal and external stakeholders so that their employees will realize the importance of and support the CSR activities as well as to develop collaboration with external parties.

**Keywords:** Corporate Social Responsibility, Multinational Companies, Thailand



## Introduction

Globally, there has been an increasing importance placed on corporate social responsibility (CSR) in a decade. Corporate Social Responsibility (CSR) is a broad term and therefore does not have a universal definition. In many studies, there has been a debate as to how companies should define CSR (Poolthong & Mandhachitara, 2009). The term Corporate Social Responsibility has become difficult to define as it means “different things in different places to different people and at different times” (Campbell, 2007). The term CSR is defined by the World Business Council for Sustainable Development (WBCSD) as “the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities” (WBCSD, 2001). The European Commission (2002) defines CSR as a “concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis”. The traditional definition of CSR is described to as “the managerial obligation to take action to protect and improve both the welfare of society as a whole and the interest of organization” (Davis & Blomstrom, 1975). And the definition of CSR defined by Carroll (1991) is “the social responsibility of business (which) encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations”. Kotler and Lee (2005) define CSR as a “commitment to improve community well-being through voluntary business practices and contributions of corporate resources” .

The definition of CSR used in this paper is influenced by the definitions proposed by Carroll (1991) and the European Commission (2002). This combination provides a suitable concept where businesses voluntarily integrate ethical, strategic, and philanthropic social concerns in their business operations and in their interactions with stakeholders. The authors believe that this definition is appropriate in analyzing the characteristics of CSR practices and the factors influencing the application of CSR by companies from both developed and developing economies and this definition is the one that the authors will use throughout this paper.

Corporate participation in “socially-related engagement” usually reflects on the bigger economic, social and cultural views of the country in which the business operates (Urip, 2010). The circumstances in developing countries, however, can be quite different from those in developed countries. Even though the idea of CSR is similar worldwide, each company has a different execution of CSR (Urip, 2010).

The objectives of this study are (1) to examine the motivation or the factors influencing CSR of a firm from a developed economy and a firm from a developing economy within a developing country, (2) to investigate the important characteristics in CSR application in a developing economy context in which Thailand was chosen to be a representative of the developing economy, and (3) to compare and contrast the motivation and application of CSR between a firm from a developed economy and a firm from a developing

economy. The reason of using multinational companies from both contexts is to make a clear comparison. Many studies had been done about CSR in developed economies, less is known about the application of CSR in MNCs from developing economies.

The findings from the study will provide a current and up to date description of the factors influencing CSR application in Thailand and some certain characteristics of CSR application in Thailand. The study can offer recommendation of the sort of CSR practices that are effective for multinational and local companies in Thailand whose CSR activities are part of their sustainability development objective. This study can be a useful guideline for any company who will be adopting CSR.

This paper starts with literature review followed by the theoretical framework. The methodology with data collection process is then discussed. Four major interview topics are classified based on related theoretical framework presented in literature review section. Finally, research findings and a summary and discussion are presented.

## Literature Review

Over the decade, there has been a lack of information about CSR due to few studies on the subject in the international context and there are numerous factors that have further put off the development of CSR in developing countries. The reasons given by Kemp (2001) are “civil

society is not well organized; the government does not strongly promote CSR; companies do not face strong, constant pressure; and the press has yet to assume the role of watchdog.” Kemp (2001) believes that institutions, standards and systems, which are the groundwork of CSR in developed countries, are relatively insubstantial in developing countries. Chapple and Moon (2005) adds to this argument, noting that regardless of the weaknesses of the foundation of CSR in developing countries, civil society can encourage CSR by pushing for societal demands and expectations on business responsibility.

Numerous MNCs in developing countries are beginning to comprehend the concept of CSR, usually perceived as philanthropy (Gugler & Shi, 2009). Evidence from numerous studies indicate that CSR in developing countries mostly focuses on philanthropic responsibilities (Amaeshi, Adi, Ogbechie & Amao, 2006; Jamali & Mirshak, 2007; Visser, 2008). Amaeshi, et al. (2006) states that CSR from a philanthropic perspective is a way of giving back to society where problems exist when basic human needs and infrastructure are not fulfilled.

In addition, research evidence also shows that the degree of socioeconomic development of a country will influence the CSR practices of the businesses (Gugler & Shi, 2009); Welford, 2005). The socioeconomic development of a country will affect CSR because, as summarized by Shi (2007, as cited in Azmat & Samaratunge, 2009), “responsible business practices will come more naturally in

developing countries “where economic development reaches a level to be able to afford CSR”. Welford (2005) goes further and states that there is a connection between CSR and the economic development of the country and the CSR policies are usually based on “localized issues and cultural traditions of a country”. Similarly, Visser (2008) claims that in developing countries, the differences in the focus of CSR are primarily from the internal and external drivers. The internal drivers comprise of “cultural tradition, political reform, socio-economic priorities, governance gaps, crisis response and market access, and the external drivers that influence CSR in the developing country context are international standardization, investment incentives, stakeholders activism and supply chain” (Visser, 2008).

Based on the argument that socioeconomic development of a country will have an influence on the CSR application, many people cling to the idea that CSR will come once the socioeconomic development of that country reaches a stage where it is able to afford CSR (Gugler & Shi, 2009). Therefore, there are many rationalization that past studies show as proof of why business’ application of CSR in developing countries remains low in comparison to those of developed countries.

Numerous studies point out the magnitude that private, independent organizations such as Non-Governmental Organizations (NGOs) and the media play in making sure that businesses are being socially responsible (Bellal & Owen, 2007, Campbell, 2007, as cited in Azmat & Samaratunge,

2009). In developed countries, stakeholders and consumers are therefore insistent in applying pressure on companies with the help of the media and NGOs (Gugler & Shi, 2009). In contrast, Gugler and Shi (2009) argue that in developing countries, civil society, including NGOs and public media, is either still in the infancy stage or is very cautious in challenging government influence.

Another belief is that consumers have a major influence on the success of the business. In developed countries, Maloni and Brown (2006, p.35) state that “consumer criticism of perceived CSR deficiency can be extremely detrimental to corporate profitability and share”. On the other hand, in developing countries, the situation is different. Often, consumer rights are ignored.

Numerous studies argue that mainstream CSR application that is common in developed countries is not in tune with the concerns in and the reality of developing countries, and for that reason, may not be applicable locally (Blowfield and Frynas, 2005; Fox, 2004; Kemp, 2001). A “one-size-fits-all model” of the application of CSR permits a wrong expectation of companies in the developing countries’ (Fox, 2004). Blowfield (2007) argued that CSR impacts on society are often overlooked, and instead, have turned to support the goals driven by concerns from the developed countries.

Idemudia (2011) states that criticisms of mainstream CSR were based on the assumption that while the environment and the priorities of people from developing countries may share certain similarities with people from developed

countries, they are also very distinct. According to Pratt (1991), “local ethical and social mores” should direct objective and implementation of MNCs’ CSR programs in developing countries, rather than handling over the policies and practices from overseas office. Likewise, Utting (2003, as cited in Idemudia, 2011) argues that the main factor that weakens the effectiveness and relevance of CSR in developing countries is the management of the many elements of CSR practices and handling it as ‘best practice’, which at times may be inappropriate in the developing countries context.

Some business scholars argue that the global and institutional pressures bring about the importance placed on MNCs involvement of CSR (Bansal & Roth, 2000; Chirstmann, 2004). There has been a debate over MNCs’ involvement of CSR in developing countries and Jamali (2010) cited Kolk and van Tulder (2006) as claiming that it has been overall very difficult to measure the direct and indirect effects of MNCs’ CSR activities in developing countries.

As MNCs are growing in developing countries, MNCs have the opportunity to contribute to sustainable business practices (Azmat & Samaratunge, 2009). As argued by Ite (2004, p.2), “for many MNCs, CSR is an outcome of public pressure arising from their operations in developing countries in relation to human rights, environmental pollution and labor issues”. In addition, MNCs face increasing pressure and expectations of social responsibility across their operations (Mohan, 2006). In developing countries, MNCs are particularly

expected to fill in the gap of ineffective institutions (Matten & Crane, 2005). Matten and Crane (2005) further assert that MNCs are regarded as the key to global regulation and social problems due to their financial and technological readiness. Furthermore, because MNCs are not individual organizations, they tend to encounter pressures to adjust to both the local environments of their subsidiaries and their unforeseen events along with the necessity for the consistency within the global corporation (Jamali, 2010). There have been differing views on whether MNCs should use centralized CSR strategies, or they should develop local strategies (Muller, 2006). Global strategy is viewed as being practical and effective, however, it may lack ownership and authenticity at the local level (Jamali, 2010). The key difference in a company choosing to adopt either global or local CSR depends on the scope of the community stakeholder (Husted & Allen, 2006). While local CSR is based on the company’s responsibility to meet the standards of the local community, global CSR is based on company’s responsibility to meet universal standards (Husted & Allen, 2006).

Based on the *Case Study of CSR in Thailand* by Urip (2010, p. 197), “the modern concept and methodologies of corporate social responsibility (CSR) have come to Thailand through multinational companies implementing various activities according to each corporate strategy” Swierczek (2006) had revealed that CSR practice in Thailand is still in its early stage. From the study, there is no indication of an integration of CSR into the core business practices of most leading Thai companies in

Thailand. The study also indicates that there is no precise CSR practice in these companies. Despite that, from the study, CSR is considered to be a concern in all the interviewed Thai companies which is evident in the companies' websites and reports of their CSR values, practices or their mission statements (Kraisornsuthasinee & Swierczek, 2006). In addition, although the interpretation of CSR, as evidenced through definition and implementation, differs amongst the companies, they consider CSR profoundly important in the corporate culture and practice (Kraisornsuthasinee & Swierczek, 2006).

Previous CSR studies in Thailand indicate that the major community issues companies show concern with are education and training, and other important issues include "environment and conservation, arts, and youth" (Chapple & Moon, 2005). It appears that CSR in Thailand addresses selective issues (Chapple & Moon, 2005). Furthermore, results of a Thai survey (Kraisornsuthasinee & Swierczek, 2006) show that no informants consider CSR as an attempt by companies to attain higher economic performance.

## Theoretical Framework

### *Institutional Theory*

Institutional Theory is one of the most used theories to explain the comparative differences between CSR practices (Matten & Moon, 2008; Jamali, 2010). March & Olsen (1989, as cited in Matten & Moon, 2008) define institution as "collections of rules and routines that define

actions in terms of relations between roles and situations". The institutions not only include formal organizations such as "government and corporations but also norms, incentives, and rules" (Matten & Moon, 2008, p.406). Institutional theory is helpful in understanding the differences in corporate governance (Aguilera & Jackson, 2003). As stakeholders are unique and their interests differ cross-nationally, institutional theory analysis will help explain the complexities (Matten & Moon, 2008). Matten and Moon (2008) further state that "In CSR the motives of managers, shareholders, and other key stakeholders shape the way corporations are governed" (p.406). Furthermore, "Institutional theory allows these to be explored and compared within their national, cultural, and institutional contexts" (p.406). Matten and Moon (2008) suggests that the reason for the differences in CSR among the different countries is the different deep-rooted institutions of the past.

The two schools of thought in institutional theory that helps in understanding the differences in CSR conception and practice is to identify explicit CSR and implicit CSR. Matten and Moon (2008) refer to explicit CSR as "corporate policies that assume and articulate responsibility from some societal interest. They normally consist of voluntary programs and strategies by corporations that combine social and business value and address issues perceived as being part of the social responsibility of the company" (p.409). In summary, explicit CSR lies on corporate judgment instead of mirroring the formal or informal institutions (Matten



& Moon, 2008). On the other hand, implicit CSR is referred to by Matten and Moon (2008) as “corporations’ role within the wider formal and informal institutions for society’s interests and concerns” (p.409). Implicit CSR conception and practice usually include the “values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms” (p.409).

According to Matten and Moon (2008) “Institutions encouraging individualism and providing discretion to private economic actors in liberal markets would be considered national systems in which one would expect to find strong elements of explicit CSR” (p.410).

***The Two-Dimensional Model of Corporate Social Responsibility***

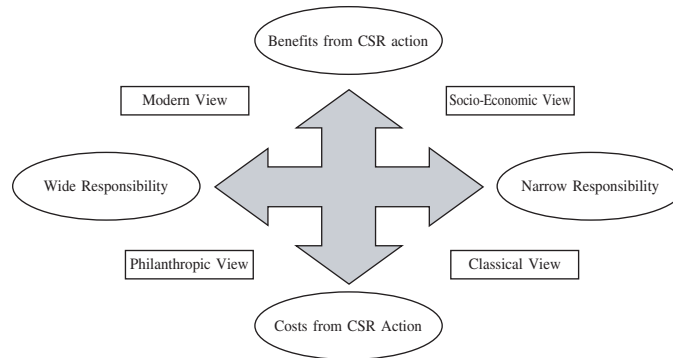
In recent years, there have been several efforts to study CSR in terms of models, such as a tool allowing for ‘mapping and visualization’ (Jamali, Sidani, & El-Asmar, 2009). The models, when compared and contrasted, can be classified into two major groups-a classical model and a modern model (Jamali et al, 2009).

The first model representing the classical paradigm argues that a business social responsibility is ‘a single-dimensional activity’ in which the business is the main responsibility of distributing goods and services to society, in order to make profit. (Bhide and Stevenson, 1990; Friedman, 1989;

1970, 1968; Gaski, 1985; Hass, 1979; Chamberlain, 1973, as cited in Quazi & O’Brien, 2000). This view of CSR focuses on limited role of business in modern society. It underlines the cost of social involvement of the business and would rather bear in mind the profit as the determining factor of business operation. Therefore, this model overlooks the reality that business is a part of society with responsibilities besides making profit (Quazi & O’Brien, 2000). The ill-acceptance of the social role of the business is derived from the view that CSR is an extra cost and decreases competitiveness. (Jamali et al, 2009).

The second model represents the modern paradigm, which argues that business is part of greater society and it has responsibilities other than the goal of profit maximization, which is viewed only for short term (Steiner and Steiner, 1997; Quazi, 1997, 1994, 1993; Quazi and Cook, 1996; Quazi and O’Brien, 1996; Samli, 1992; Buchhoiz, 1990; Abratt and Sacks, 1988; Chrisman and Carroll, 1984; Carroll, 1979, as cited in O’Brien and Quazi, 2000). Quazi and O’Brien (2000) suggest that “these two dimensions are the span of corporate responsibility (narrow to wider perspective) and the range of outcomes of social commitments of businesses (cost to benefit driven perspective)” (p.35).

According to Quazi and O’Brien (2000), the model proposed has four clear quadrants (Figure 1). Each quadrant is named the following, the classical view, the socio-economic view, the modern view, and the philanthropic view. This model consists of



**Figure 1: Two-Dimensional Model of Corporate Social Responsibility (Quazi & O’Brien, 2000)**

two axes. The horizontal axis consists of two ends: a narrow and a wide responsibility. The narrow view of social responsibility takes on the classical model view towards business responsibility. This end stresses profit maximization in the short term. (Quazi & O’Brien, 2000) This view concentrates on “the economic and legal responsibilities of the business”. (Jamali et al, 2009) In contrast, the left end is the wider view of social responsibility where business responsibility should serve the wider expectations of society in matters such as “environmental protection, community development, resource conservation and philanthropic giving” (Quazi & O’Brien, 2000, p.35). The vertical axis consists of two ends that stand for the extreme views of the consequences of business’ social action: The costs from CSR action and the benefits of CSR action. The lower end of the axis concentrates on the “cost of social action that is where the expenditure involved in the exercise of social responsibility in the short term is the main consideration.” (Quazi & O’Brien, 2000, p.35). This mainly emphasizes the social costs in the short run. While the opposit/

e end of the axis is more concerned with the long term benefits and sees the social benefit outweighing the costs in the long run (Quazi & O’Brien, 2000).

***The Conceptual Model of Corporate Social Performance (CSP)***

In 1979, Carroll came up with a four-part definition of CSR that was rooted into a conceptual model of corporate social performance (CSP) (Jamali & Mirshak, 2007). In this model, Carroll “differentiated between four types of corporate social responsibilities: economic, legal, ethical, and discretionary. He also presented the argument that firms wishing to effectively engage in CSP needed to have (a) a basic definition of CSR; (b) an understanding of the issues for which a social responsibility existed; and (c) a specification of the philosophy of responsiveness to the issues” (Jamali & Mirshak, 2007, p.246).

Carroll (1979, as cited in Jamali & Mirshak, 2007) proposed that the four types of corporate social responsibilities consist of:

- **Economic Responsibility:** Businesses have the role as an economic unit in the society.

- **Legal Responsibility:** Businesses must operate their role as an economic unit of the society and to operate them within the structure of the legal requirements.

- **Ethical Responsibility:** Businesses should do what is right and fair, which sometimes are responsibilities that are not put into the law, but are expected as the moral thing to do.

- **Discretionary Responsibility:** Businesses and society are interconnected and it is the businesses' optional choice to do something that is meant to give back to society.

In 1991, Carroll revisited the four-part definition of CSR and systematized the concept of multiple corporate social responsibilities into a pyramid model (Jamali & Mirshak, 2007). In this revisited conceptualization, the model indicates businesses that would want to be ethical, for example, must be economically and legally responsible (Jamali & Mirshak, 2007).

In 1991, Wood revisited the CSP model. Wood had added other components into the CSP model originally proposed by Carroll (1979, 1991). Wood had studied the motivating factor that encourages responsible behavior, “the process of responsiveness and the outcomes of performance” (Jamali & Mirshak, 2007, p.247). This model presented by Wood (1991) first presents the principles that motivate a firm to take socially responsible actions. The motivation is analyzed into three levels: institutional, organizational, and

individual. The second is the processes of corporate social responsiveness. According to Wood (1991), responsiveness is the action element that consists of three aspects: environmental assessment, stakeholder management, and issues management. The three aspects are interconnected. The responsiveness element is suggested to derive from having knowledge about the outside environment in order to effectively “devise strategies for adapting to the environment or conversely changing it” (Jamali & Mirshak, 2007, p. 248). The third is the outcomes of corporate behavior. According to Wood (1991), the outcomes are separated into three types: the social impacts of corporate behavior, the programs companies use to implement responsibility and the policies developed by companies to handle social issues and stakeholder interests.

### ***Stakeholder Theory***

Stakeholder theory is used to explain the differentiation between the CSR practices of MNCs and the MNC subsidiaries (Jamali, 2010). It also explores the topic of whether and why corporations keep in mind the interests of stakeholders in addition to their own direct corporate interests (Campbell, 2007). R. Edward Freeman, who is amongst the first to write about stakeholder theory asserts that “business and society are interpenetrating systems, in that each affects and is affected by the other” (Ferrell & Thome, 2008). In addition, Campbell (2007) argued that “stakeholders have legitimate interests in corporate activity”, “recommend attitudes, structures, and practices that constitute stakeholder management” (p.949). The theory places

importance on the diversity of stakeholders and notes the difference in primary and secondary stakeholders (Jamali, 2010). Primary Stakeholders are “those whose continued association is absolutely necessary for a firm’s survival; these include employees, customers, investors, and shareholders, as well as the governments and communities that provide necessary infrastructure” (Ferrell et al., 2008, p.46). In contrast, secondary stakeholders do not take on contacts with the corporation and are not considered vital to the survival of the firm (Ferrell et al., 2008). Examples of secondary stakeholders are the media and interest groups.

## Methodology

This study is qualitative research in nature. Since there are only few studies of CSR applications of MNCs in Thailand, specifically in the Thailand context, this research is designed to be an exploratory research to investigate CSR practices of six MNCs operating in Thailand.

The primary research method through in-depth interview is the research technique used in this study. The primary research was conducted in Thailand from September-November 2011. A total of twelve companies were contacted. Six companies were selected based on their level of CSR activities in Thailand and the visibility of their CSR programs. And the other six companies were chosen because they are members of either Thailand Business Council for Sustainable Development or the World Business Council for Sustainable Development (WBCSD) which is a global association consisting

of over 200 companies that contribute to the sustainable development. The latter were chosen due to the authors’ accessibility.

However, only six MNCs were willing to give an interview. The selected MNCs cover different industries. The samples comprised of one bank, one health care company, one construction, one paper company, one petrochemical company, one energy company and one conglomerate. The MNCs comprised of 3 MNCs from developed countries (two European companies and one American company) and the other 3 MNCs are Thai multinational firms. The data collection is based on in-depth interviews with managers responsible for CSR of their companies.

Table 1 provides the details of the companies interviewed and the positions of managers interviewed. The in-depth interviews with managers of multinational companies from developed countries were conducted in English, and were carried on for an average of forty-five minutes. The interviews were tape recorded, and later transcribed by the author. Meanwhile, the in-depth interviews with the managers from Thai-owned multinational companies were conducted in Thai.

The in-depth interview conducted was a semi-structured interview where the questions were prepared and provided to the interviewees. The questions were also outlined and categorized into four parts under different topics to be covered. The four parts were the company’s definition of CSR, the company’s motivation or influencing factors in the application of CSR, the company’s application of CSR, and challenges of doing CSR in Thailand.

**Table 1: Companies representing multinational companies from developed countries and Thai-owned multinational companies**

Company Name	No. of Employees	Position of Manager Interviewed	Years of Operation in Thailand	Financial Highlights	Full Details of type of Business	Origin of Company
MNC 1	Employs around 87,000 employees worldwide	Senior Executive Vice President, Corporate Affairs	117 years	Operating income-\$19.1 billion (2012)	Financial Services Company. Operate consumer, corporate, and institutional banking and treasury services	United Kingdom
MNC 2	Employs about 113,200 people worldwide	General Manager, Corporate Communications for Country Group North ASEAN	50 years	Sales of €40.2 billion (2012)	Health Care, Nutrition, and Chemicals	Germany
MNC 3	Consist of about 64,500 employees globally, including more than 3,200 service station employees	Corporate Social Responsibility and Community Engagement Manager	49 years	Sales and other operating revenues-\$220 billion (2012)	Oil, gas, geothermal energy	United States
Thai Company 1	Employing about 24,000 employees	Assistant Director of Corporate Communication	98 years	Revenue from sales-407,601 Million Baht (2012)	Chemicals, paper, cement, building materials and distribution	Thailand
Thai Company 2	Employs about 9,015 employees globally	CSR & Brand Management Manager	50 years	Sales Revenue 447,432 Million Baht (2012)	Oil Refinery, Petrochemical	Thailand
Thai Company 3	Employs over 300,000 people with offices and factories located worldwide	Senior Vice President	90 years	Revenue of \$ 41 Billion (2012)	Food, retail and distribution, and telecommunications	Thailand

## Research Findings

### Definition of CSR

In terms of defining CSR from the perspectives of the interviewed multinational companies from a developing country in contrast to the developed countries, it is interesting to note that no companies have clear and distinct definitions of CSR. All the managers interviewed believe that CSR is responsibility the company has towards the society. The manager from Thai Company 1 clearly defined CSR as “operating business by thinking about the responsibilities the company has towards the country and the society as a whole, a good corporate citizen, being helpful towards the society and the community where the business is operating in, giving importance in managing the environment in a sustainable way, and setting a good example in doing CSR activities for the society”. This definition is similar to definitions defined by the other managers interviewed.

### Motivation for CSR

From the interview, all companies have pointed out that CSR is part of their business operation. This is evident in the company websites, CSR reports, and vision statements.

The managers referred to the motivation of their company to do CSR in a mixture of expression, including a way of showing the spirit to help the society (MNC 2), a way of giving back to the country (Thai Company 3), a way of showing commitment to being socially responsible (Thai Company 1 and 2), to gain acceptance (MNC 3)

and as the business imperative (MNC 1).

When exploring about the motivating factor for CSR, MNC 1 believes that CSR is “a business imperative” and because they are in a banking business, their company is highly dependent on the people. The manager from MNC 1 believes that if “the bank is profitable, the country is profitable” if the bank performs, the country performs”. Both MNC 1 and MNC 2 saw CSR as an investment and because they both are an international company, CSR is an indirect way of supporting their business operation. MNC 3 stated that they “value that the acceptance that we get from the local people is the social license that we need in addition to the official license from the government. The social license from the people showing that we are one of the neighbors that the Thai people accept us is the key factor that drives us to do CSR program”.

On the other hand, Thai companies interviewed had different reasons for responsible behavior. Thai Company 1 manager noted that, “We realize that we are a part of the society, if we would like to be a part of the society, we have to provide aide, give back and help society”. Similarly, the Thai Company 2 manager expresses that “whatever we do, we make sure that we produce good quality products that do not harm the environment. Anything that does harm to the environment, we have to find ways to solve it”. Thai Company 3 manager saw CSR as not only as corporate responsibility, but more of a way in paying back to the country, and had emphasized that the sufficiency economy

philosophy promoted by His Majesty the King of Thailand was what had inspired and motivated the company to adopt the philosophy as a path to sustainable development.

All of MNCs mentioned that the motivation behind CSR was to create emotional connection. The manager from MNC 2 states that “it creates trust, credibility and good reputation”. Similarly, the Thai companies are also motivated in undertaking CSR activities that create an experience for those involved. The Thai Company 2 places high importance on providing health services especially regarding dental and oral health of the members of communities living around the refinery. The

manager from Thai Company 2 explains that although this project may not be directly related to their business operations, however, the company would like the people to have the emotional connection between good health and the company, “they will think of Thai Company 2 that we help them to be healthy and avoid any oral health problems”.

All of the MNCs and Thai companies strongly assert that their CSR programs in Thailand were driven by their company and none of the interviewees felt that their company’s CSR activities were motivated by pressures whether local or international pressures. Table 2 provides a summary of the motivation for CSR by the companies interviewed.

**Table 2: Motivation for CSR**

Company	Motivation
MNC 1	A business imperative A way of giving back to society Create emotional connection
MNC 2	A way of giving back to society Create emotional connection
MNC 3	Gain acceptance and approval from the society
Thai Company 1	Responsibility towards the society Part of the core value of business Be a model for other companies
Thai Company 2	Responsibility towards the society Part of the core value of business
Thai Company 3	Core value of the founders Sufficiency economy philosophy A way of giving back to the country

It was interesting to note that all the companies interviewed emphasized the long-term commitment of CSR. Therefore, the majority of companies both MNCs and Thai Companies interviewed similarly prefer to use the term Sustainability instead of CSR. MNC 2 believed that CSR is a long term investment and the company needs to think about what they had gained from Thailand and what they must contribute back to the country. Adding to this, Thai Company 1 believed that “CSR is part of sustainable development in order to create the balance between the economy, society, environment and operating the business with ethics”. As evidence to the Thai company’s long term commitment to CSR, Thai Company 1 stated that “Thai Company 1 would like to be an example of an organization that operates their business in a sustainable way in Thailand. For the long term, Thai Company 1 would like to set an example of an organization that operates their business in a sustainable way in every country”. All of the companies stated that the frequency the companies undertake CSR activities in Thailand were all year round.

The MNCs interviewed had been operating in Thailand for more than 50 years. The MNCs were asked about their local strategy versus global strategy and how the decisions about CSR were made at the local level. The three managers from the MNCs state that the headquarters do not control CSR activities in Thailand and the activities are implemented at the local level. Instead, the headquarters only provide general framework and guidelines. For example, according to the manager

from MNC 2, “Global can have the CSR project, and the country can adjust to local. It can be both ways. It is not necessary that as country, we need to wait and adapt to the global project only”. The CSR activities are tailored to the local context. The manager from MNC 1 stated that while “MNC 1 have very stringent policies and robust internal process to make sure that we follow the CSR and that we do not over claim...and (the CSR) needs to be signed off...and to be sure that every decision we made on CSR does not have negative impact or the side effect on the environment”. From the interview, only MNC 3 had mentioned about the influence that the headquarters has on their Thai based firm, not in terms of the implementation of CSR activities, but on the budget being used for CSR. MNC 3 claims that they often submit quarterly reports to update the headquarters on the spending for CSR and the effectiveness of the implementation, while the headquarters will usually provide feedbacks and can often negotiate for the budget as long as the company was able to provide rationale.

In terms of the responsibility for CSR within the company structures, both MNC 1 and MNC 2 managers confirmed that the Corporate and Communication Affairs Department is dedicated to look after CSR, while MNC 3 stated that they have a specific department called Corporate Responsibility and Community Engagement. MNC 1 stated that they had started CSR in Thailand about 8-9 years ago. According to MNC 2 manager, the Corporate Communications was established 15 years



ago and further explained that the reason for inexistence of a CSR Department was the size of their firm in Thailand. Both MNC 1 and MNC 2 stated that because no particular responsibility lies within a specific department, all employees in the company are encouraged to join. In addition, the CSR activities were also driven by employees in MNC 1 and MNC 2, while MNC 3 found it as a challenge to inspire its employees to use their free time to do CSR. An example of how multinational companies encourage their employee to do CSR is given by MNC 1 manager who stated that employees get three days a year to participate in any of the CSR activities of the company.

On the other hand, all of the Thai companies asserted that CSR in the company had started hand in hand with the establishment of the company, even before the term CSR was known in Thailand. Thai Company 1 stated that their company had “established and operated their business on the principle of corporate governance for over 97 years with the ideology in operating the business based on 4 main principles which are: commitment to fairness, strive to excellence, believing in the value of the people, and commitment to being socially responsible”. Likewise, Thai Company 3 added that the CSR that the company has been doing since the founding of the company was never called CSR until there was a word for it and the philosophy behind the CSR of the company was from the founders who have “good intention for the society, and good intention for the employees, good intention for the country”.

Surprisingly, in contrast to the MNCs, the Thai companies have specific departments dedicated in managing the CSR of the company. Thai Company 2 manager stated that, “We had recently established the department about 2 years ago. If we did not establish the department to be responsible for CSR, it would be difficult for the employees to juggle their full time work in their own line while supporting the CSR work as well”.

When asked whether CSR had any direct impact on the profitability of the company, the managers avoided giving direct answers, but provided examples of situations instead. All the managers, however, believed that people will tend to trust in companies that are socially responsible, which will affect their buying behavior, and will in the long run affect the profitability of the company. MNC 1 manager repeated what was mentioned earlier during the interview about CSR being a business imperative, and have noted that, “If the community is profitable, we are profitable”. However, none of the managers interviewed provided any indication that their company is concerned about the profitability as the result of CSR.

### **Application of CSR**

There appears to be no emphasis on the scope of CSR in Thailand amongst the MNCs from developed countries, while they only acknowledge that the environmental and social issues were their focus in regards to their CSR projects. On the other hand, the Thai companies were quick to describe the scope of CSR activities of their company. All

of the Thai companies interviewed had similar scope of CSR activities. For example of a scope of CSR activities in Thailand, Thai Company 2 mentioned that the scope of their CSR activities include CSR that begins within their organization by encouraging social consciousness amongst staff and to support staff participation in implanting the projects, building on the strength of the communities, focusing on balancing the environment and society with their business by becoming a leader in producing clean energy, and integrating the company's strengths and expertise in order to create sustainability.

The MNCs stated that their business objectives were to contribute to the benefits of the society. The MNCs made a commitment to CSR in their business operation. The CSR practices of the MNCs interviewed had a mixture of both socio and environmental theme. When exploring about the theme, the manager from MNC 2 stated that at global level, the company focuses on four initiatives for CSR which are environment and nature, science and education, health and social needs, and sports and culture. However, MNC 2 mainly adopts the science education and environment and nature as its main theme for their CSR in Thailand reasoning that they are the main area that Thailand needed aid on and also because the company is in the field of health care. Similarly, MNC 3 states that their theme can be summarized into the 4Es which stands for Education, Environment, Economic Development, and Employee participation, but having particularly emphasized on the education and environment theme in which the company

believes is appropriate in the Thailand context.

Likewise, the Thai companies interviewed are committed to CSR as a significant part of their business. The Thai companies go on further in affirming that their commitment goes beyond their business practices, this can be summarized in the statement provided by Thai company 1 manager, "The heart of CSR at Thai Company 1 is that it is not just an activity for the society that the outsiders can see, however, it is also incorporated in the ethics of our business operations, which is rooted in the soul of our organization and becomes our organizational culture in creating sustainability". Similar to the MNCs from developed economies, the Thai multinational companies had similar themes which are mainly focused on addressing social and environmental issues. The theme is evident in the type of activities the Thai Company 2 is involved in, for example, establishing health and learning centers which provide basic health services, establishing education funds which provide education opportunities for youth that lack financial resources, and implementing the development of renewable energy projects in order to help communities to be self-sufficient and at the same time, to be aware of environmental conservation. The themes of the Thai companies do not necessarily cover only the industry and the area of expertise the companies are in. For example, Thai Company 3 emphasizes on social issues and one of their projects is to find foster parents for orphan children. The company believes that children whom are fed but do not have access to warmth and love will eventually

grow up to become a social problem.

From the finding, both MNCs and the Thai companies agreed that while it is not necessary to do CSR in their area of expertise, it is helpful and practical to do CSR on what they are proficient and skilled in. In addition, when asked about how the companies came up with the CSR activities or projects for Thailand, all the companies agreed that they consider what is important for the people in the country and what the people need most.

MNC 1 is primarily involved in CSR activities relating to environmental and social issues and to assess the social and environmental risks that are associated with their business. MNC 1 stresses on the importance in providing opportunities for the people to have financial access which they call “sustainable finance” by providing financial access to marginalized people in Thailand who have no access to official loans. In addition, MNC 1 also contributes in educating the community on health issues as part of their CSR theme in Thailand as the company sees it as major problems in Thailand. Their projects include AIDS awareness and prevention of blindness.

Besides doing CSR by utilizing the company’s strengths and responding to the needs of the people in the country, the Manager of Thai Company 1 added that, “We have flexibility. We are flexible to the changes in the current situation because CSR targets the issues in the society and changes occur as time passes, therefore, CSR needs to be adopted according to it”. Table 3 demonstrates the main CSR themes and activities that the companies are involved in.

The companies interviewed indicated the use of diverse stakeholder management practice when managing their relationship with both internal and external stakeholders. The MNCs interviewed all agreed that internal communications about CSR were done through the use of internal communication channels such as the use of intranet, newsletter and mail as an invitation to employees to participate in the CSR project of the company. MNC 3 also added that at the beginning of every year, the president of the company will provide a message to encourage each department to undertake community service.

In terms of external communications, the companies differed in their use of communication channels. MNC 1 manager pointed out that their company does a lot of speaking engagement such as accepting invitations to institutions and forums while emphasizing that the purpose of the communication was not with the intention of public relations, but to act as a role model for other companies. MNC 2 manager, on the other hand, acknowledges that the company uses all kinds of media for communication, but only by news value with no intention to do public relations. The manager further justified the reason due to their small media budget allocated to them. MNC 3 claims to have a slide presentation including information on the CSR theme, their activities both in the past and the coming up projects which are prepared for distribution.

In contrast to the MNCs, it was observed that the Thai companies interviewed did not indicate both internal and external communications as an approach in communicating the company’s CSR activities.

**Table 3: Main CSR Themes and Activities in Thailand**

<b>Company</b>	<b>CSR Themes</b>	<b>Example of Activities in Thailand</b>
MNC 1	Social Theme	<ul style="list-style-type: none"> <li>- Educating people about HIV and build HIV awareness</li> <li>- Raising fund for project for the blind</li> <li>- Adopting a village and create sustainable finance</li> </ul>
MNC 2	Social and Environmental Theme	<ul style="list-style-type: none"> <li>- Sponsoring youth to go to company's headquarter for a study tour to educate them about how environmental protection is practiced by people, government, and industry</li> <li>- Developing an awareness campaign about prevention of Liver Cancer</li> </ul>
MNC 3	Education and Environmental Theme	<ul style="list-style-type: none"> <li>- Organizing the AIDS Education Youth Camps</li> <li>- Organizing Children's Day activities</li> <li>- Donating relief supplies</li> </ul>
Thai Company 1	Social and Environmental Theme	<ul style="list-style-type: none"> <li>- Developing an awareness campaign for water conservation</li> <li>- Organizing the national "Rescue Robot Championship"</li> </ul>
Thai Company 2	Social and Environmental Theme	<ul style="list-style-type: none"> <li>- Providing basic health services especially dental care</li> <li>- Supporting communities in completing the hydro-powered plant</li> </ul>
Thai Company 3	Social and Environmental Theme	<ul style="list-style-type: none"> <li>- Training farmers to conduct 'mix farming'</li> <li>- Building schools in remote areas</li> <li>- Providing nutritional lunches to students in remote areas and educate the students on how to earn extra income</li> </ul>

All the companies interviewed highlighted the importance of stakeholder engagement to CSR activities, in particular to the external stakeholders. The MNCs had worked in partnership with both governments and non-governmental organizations to address the issues in order to solve the problems together. The reason for the partnership was to assist the companies in carrying out some of the CSR activities that the companies were inexperienced in. All MNCs believe it was very important to have partnership. MNC 1 states that “we are only good in banking and not in anything else”. The partnerships are usually made with distinguished Thai foundations or universities on issues that both partners are eager to do.

Similarly, the Thai companies agree that it is essential to have partnership with both public and other private sectors as well as with non-governmental organizations (NGOs). Thai Company 1 pointed out that, “Usually, the partnership involves coordinating and helping each other organize an event or activity; exchanging knowledge; becoming advisors to the different programs; or act as a mentor when working with the community”. Thai Company 2 supports the importance of having partnership by reasoning that when companies want to implement big projects, there is a reliance on the experience and talents of individuals from different individuals and organizations. “We consider that doing CSR is different from doing business. In doing business, there are a lot of things that are to be kept confidential. But for CSR, we are very generous with our information so that the others can learn” (Thai Company 3 Manager).

From the interview, both MNCs and Thai companies, most of the time, bring up a lot of the collaborative type of projects in which the CSR activities are carried out in cooperation with their partners. Adding to having partnership in the CSR, Thai Company 2 also added they are also in a network with the Stock Exchange of Thailand. The manager explained that the company can therefore benefit from the “know-how and in sharing information together” and being in a network can develop to forming partnership in the future.

From the interview, all Thai companies stress the importance on internal stakeholders, specifically the employees. The company emphasizes that the employees are very valuable resources to the organization. The Thai Company 2 manager further explained that the organization emphasizes the importance of its human resources to be good in their jobs and at the same time to be good people. “Comparing to other organizations, we believe that, in terms of looking after our employees, we are a leader. We have a club house for our employees to exercise” (Thai Company 2 Manager). The manager from Thai Company 2 talked at length about the recruitment process of the company saying “we have to recruit employees that are capable, good, and healthy, meaning they should be emotionally and mentally healthy”.

Both MNCs and Thai companies show dedication in drawing on stakeholders such as students from Thai universities to help identify the problems and the needs of the communities. MNC 1 manager noted that, “We asked students to go to the village

and see what they need to improve...we asked students to go up there because we need a fresh view or new ideas, we need to open our eyes and expand our horizon and we came out with tangible results". Students from the universities will carry out a study and provide reports and feedbacks on the particular issue.

Both MNC 1 and MNC 2 proudly stated that the CSR implemented by their company was not philanthropy, avoiding a practice of donation of money and products of any kind from the company. MNC 1 manager believes that giving donation is not sustainable in the long run. Similarly, Thai Company 2 indicated that, "We take care of the villagers by providing them with the ability to develop their community. We do not hand feed them". This can be further explained in the MNC 1 manager's words, "MNC 1 does not do a donation. We do not believe that donation does anything, the donation does not go anywhere. But we help them to help themselves". In contrast, while MNC 3 does not literally define their CSR activities, it can be observed that most of their applications of CSR are through providing financial support especially when doing CSR activities with partners.

All of the companies interviewed do not have a systematic way of measuring the success of the CSR activities and their social impacts. The finding suggests that there is still a need for reporting on CSR in Thailand. None of the managers mentioned about indicators used in assessing the impact of the CSR towards society. All of the managers

indicated that the company measures success of their CSR activities by looking at those whom were involved in the projects or activities and observe the benefits they get from the projects. Thai Company 1 broadly stated that the company measures the success of their CSR through the measurement of each project. In addition, the manager also stated that the company measures the involvement of their employees in the CSR project as well. Only the manager from MNC 2 mentioned that although CSR is difficult to measure, the company measures the success as part of the Key Performance Indicator (KPI). Thai Company 3 expressed their motivation of finding a way to measure their success in which they claimed that their company is currently working on and referred to KPI as an expensive alternative in measuring the success of their CSR activities. "We have recently discussed about the evaluation to show transparency, not only to see our success and not to evaluate ourselves. We may need partnership with educational institutions for example, the stakeholders, to evaluate on the results. The evaluation has to be based on the studies not based on our feelings. We need to see what our weakness is" (Thai Company 3 Manager).

#### **Challenges in doing CSR in Thailand**

When asked about the current CSR in Thailand context, and how the managers view the realities and challenges the company faces when doing CSR in Thailand, some managers are worried that CSR in Thailand are being implemented wrongly as some companies are using CSR as a marketing communication strategy. More specifically,

one manager had made reference to political instability as restraining the progress of CSR in Thailand. The same manager had given an example of the recent flooding in Thailand, in which political differences amongst the Thais can be a hindrance. Conflicts like these can affect people's trust and companies to put their CSR planning and investment to suspend.

Several managers had indicated that there are slight attempts by the government to create incentives for companies operating in Thailand to do CSR. "For so many companies, there is no incentive scheme put in place. What is inviting them to do CSR?" (MNC 1 manager). Another manager also suggested for "government agencies in being the center for exchanging knowledge between the different agencies in regards to CSR as well as take up the role as coordinators in organizing activities in order to create partnership for the future" (Thai Company 1). All the managers were reluctant to provide their views on CSR in Thailand, as well as to go into details about the government's efforts in regulating and providing incentives for both MNCs and Thai companies to do CSR in Thailand. Most of the comments provided were asked by the managers to be off-record.

When asked to identify the problems the companies face when doing CSR in Thailand, all of the companies interviewed equally agreed that

there were few obstacles and those obstacles were usually considered as challenges rather than problems. Thai Company 1 is concerned with "how the company will be able to let people understand the main purpose of our program and how to let our different businesses carry out the activities in the same direction... so the challenge is how we are going to align with each other and provide the same answer". Both MNC 1 and MNC 2 put forward their concerns that as more companies in Thailand undertake CSR, all of them may have different objectives, some of which the managers fear that CSR in Thailand may only be adopted as a trend. While MNC 3 commented that the top challenge of being a multinational company is to be able to meet with people's expectations of what they want a multinational company to do for the country. MNC 3 manager further explained that they often face demands from the local to do what they had requested for, "they see us as a big giant exploration & production company, and people will have the high expectation that MNC 3 should do this and this... We cannot do everything as people expect us to because we are not the government, we are not a charity organization". None of the managers revealed any conflicts in terms of relationship with stakeholders. Table 4 provides a summary of the comparison between multinationals from developed countries and Thai multinational's motivation and application of CSR in Thailand

**Table 4: Summary of comparison of motivation and application of CSR in Thailand between MNCs from developed countries and Thai MNCs**

	<b>Similarities</b>	<b>Differences</b>
Motivation for CSR	<ul style="list-style-type: none"> <li>- All the MNCs see CSR as part of their business operations</li> <li>- Motivated by discretionary CSR as all of the MNCs aim in contributing to the society they are operating in (in the case of MNCs from developed countries: motivation is from local subsidiaries rather than from headquarters’ mandates)</li> <li>- To create emotional connection: through experiences, building trust and good reputation</li> <li>- While all MNCs acknowledges that CSR will in the long run affect the profitability of the company, none provided indication that they are concerned about the profit as a result of CSR</li> </ul>	<ul style="list-style-type: none"> <li>- No difference found</li> </ul>
Application of CSR	<ul style="list-style-type: none"> <li>- CSR activities do not necessarily have to be related to the MNCs industry and their area of expertise</li> <li>- Undertake Socio-Environmental themes for the company’s CSR activities (in the case of MNCs from developed countries: the activities are from the local needs of the host country).</li> <li>- All companies are committed to doing CSR as part of their business operations</li> <li>- Highlighted the importance of external stakeholder engagement in the CSR activities, done through partnership ,collaborative projects, involvement of Thai university students</li> <li>- Lack of a systematic way in measuring success of the CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>- MNCs from Thailand: clear scope of CSR in Thailand</li> <li>- MNCs from developed countries: emphasis on managing relationship with both internal and external stakeholders to communicate about their CSR while MNCs from Thailand did not emphasize as much</li> </ul>



## Discussion of Findings

It is worth emphasizing again that this paper attempts to examine the application of CSR of multinational companies from a developed economy and Thai multinational companies within the Thailand context. The paper aims to reveal the motivations and characteristics of CSR practices of the companies operating in Thailand. The aim was not to obtain the information from random companies whom are able to provide general details of CSR in Thailand, however, the aim is to study CSR of companies, whom were chosen due to the visibility of the CSR activities, and whom can represent companies from a developed country and companies from a developing country, of whom can precisely provide information on CSR.

In regards to the motivation for CSR in Thailand, the finding suggests that all companies, whether it be companies from developed countries or the Thai companies, are similarly motivated by discretionary CSR. According to Carroll's (1991) pyramid of Corporate Social Responsibility, the model portrays the four types of CSR in a shape of a pyramid, with the largest and the most fundamental levels at the bottom. Therefore, businesses that would want to achieve a certain type of CSR first must perform CSR from bottom to top manner. In addition, in contrast to the argument made by Gugler & Shi (2009), the finding from this study suggests that it is not always the case that socio-economic development of a home country is the determining factor in which companies take up CSR. Thai multinational companies equally

emphasize the importance of CSR as much as the companies from developed countries. The finding indicates that no matter where the company originated from, when operating in Thailand, all of the company undertakes discretionary responsibility as they aim to contribute something back to the society they are operating in.

On the other hand, the companies interviewed had disregarded other issues in Thailand that are worthy of consideration. Legal responsibilities, such as tackling corruption, or economic issues such as contributing to the reducing unemployment rate, were possible issues for companies to implement in their CSR program, however, none of the firms had considered them. This can perhaps indicate that companies tend to follow each other in undertaking similar CSR activities. Perhaps, Thai companies tend to follow the applications of CSR from the developed country model.

In regards to the multinational companies from developed countries, it can be concluded that the companies are likely to take on CSR that reflects the needs of the country in which they are operating in, rather than follow the CSR implemented in their home country. All of the companies share similar themes, which are on socio-environmental issues, in which all the companies believe are what are needed in Thailand. This finding can suggest that in a developing country like Thailand, multinational companies take on direct socio-environmental responsibility. All of the companies interviewed indicated that they share the same philanthropic view of CSR when operating in Thailand.

Philanthropic activities, particularly donations, are given less importance in all companies.

In addition, the findings indicate that the application of CSR activities of companies from developed countries and from developing countries are likely to be determined by current events and issues. Since the timing of the interview for this study took place during the 2011 Thailand flooding, it is observed that companies had prioritized the CSR activities by undertaking flood relief efforts first before other projects. While the companies do not believe in philanthropic activities in the long-term, the companies undertake this type of philanthropic responsibilities in the short-term. While the values of these companies' CSR application during the 2011 Thailand flooding are not to be disregarded, the philanthropic responsibilities undertaken by the companies interviewed tend to be motivated to respond to short-term public relations. All the managers interviewed spoke at length about the CSR activities during the 2011 Thailand flooding in which the companies are engaged in.

While only one company from a developed country admitted that CSR is a business imperative and therefore, if the country profits, their business will as a result profit as well, the rest of the companies interviewed, particularly the Thai companies, asserted that they were not concerned about the financial profit the company can gain from their CSR program. While all of the companies acknowledge that the CSR programs implemented will in some way have an effect on the profitability

of the firm, however, the financial profit is not considered as the motivating factor behind CSR in Thailand. Rather, other indirect impacts such as emotional connection, reputation, and branding seem more important in doing CSR in Thailand. Interestingly, none of the companies interviewed reported that the religion played in any part in motivating the application of CSR in Thailand, despite Buddhism being a primary religion of the country.

Kraisornsuthasinee and Swierczek (2006) which revealed from an interview with seven Thai companies whom are leading members of Thailand Business Council for Sustainable Development, that CSR practice in Thailand was still in its early stage. On the contrary, this study found that Thai multinational companies have now integrated CSR into their core business operations. This indicates that Thailand, as a developing country, is demonstrating a quick emergence of CSR application with long-term sustainability commitment and form of CSR practice that is similar to companies from developed countries. In addition, this may also be because Thai companies are now able to afford CSR and the multinational Thai-owned companies are trying to institutionalize CSR into their business practices.

Based on the conceptual framework of implicit and explicit CSR by Matten and Moon (2008), "the institutions encouraging individualism and providing discretion to private economic actors in liberal markets would be considered national systems in which one would expect to find strong elements of explicit CSR" (p. 410).

Developed countries like the United States are characterized as having explicit CSR (Matten & Moon, 2008). Based on the interview amongst the MNCs, despite the companies having originated from developed countries, there are still significant differences amongst companies from Europe (MNC 1&2) and the United States (MNC 3).

It is interesting to note that the multinational Thai-owned companies interviewed are motivated by discretion of institutional need to contribute to the society and are trying to take up explicit form of CSR. In recent years in Thailand, there has been an increased awareness of impact MNCs have and probably due to society's growing expectations of MNCs. The Thai companies are increasingly showing concerns in particular to socio-environmental issues and sustainability. MNCs are therefore assuming the roles of good corporate citizen. Again, Thai multinational companies are beginning to adopt the developed country model of explicit CSR.

The stakeholder theory proposes that companies conduct their business with consideration to their stakeholders (Campbell, 2007). All of the companies interviewed highlighted the importance in managing the relationship with both external and internal stakeholders. From the finding, while there is strong emphasis on the external stakeholders, little is talked about the internal stakeholders. While all of the companies state that the CSR programs are mostly driven by their employees, only one Thai multinational company had emphasized on the importance of their employees.

As for multinational companies from developed countries, the finding shows that they are likely to adopt the CSR that reflects the needs of the local stakeholders rather than the stakeholders from their home country. In other words, they tend to undertake discretionary CSR that contributes to meeting the needs of the locals. The finding supports Amaeshi, et al. (2006) which indicates that MNCs in developing countries are usually undertaking philanthropic responsibilities, giving back to society in which basic human needs and infrastructure are not fulfilled. In addition, all of the companies interviewed agreed that they do not feel that their company's CSR activities were in any way motivated by pressures from their primary and secondary stakeholders, whether the pressures come from locally or internationally. This finding is interesting as this puts the attention on how Thailand still lack regulations that demand for corporations to behave in a responsible way. This finding agrees with Gugler & Shi (2009) who believe that NGOs and public media in developing countries are still in their early stage or are probably careful in challenging the government influence. In contrast to MNCs from developed countries where there is greater opportunity for corporate discretion, Thai-owned multinational companies are greatly influenced by the government which is an important institutional environment. In addition, the study reflects the lack of incentives provided by the government for businesses operating in Thailand to encourage CSR. While CSR is becoming institutionalized within the business operations, the institutional structure of the country

may still remain an obstacle that multinational companies and Thai-owned multinational companies will face. The institutional structure of the country remains the influence of the essential structural features of the company.

## Conclusion

CSR is becoming an imperative for many multinationals today. The findings from this research indicate that there are strong increases of CSR application in Thailand not only amongst the multinationals from developed countries, but also amongst the Thai multinational companies. However, while there are many theoretical insights on CSR, studies on the CSR application in the Thailand context remains limited. In particular, a comparison study on the CSR practice of multinationals from developed countries with Thai multinational companies in Thailand remains limited. Having put together the institutional theory, the Two-Dimensional Theory model of CSR, Carroll's (1991) and Wood's (1991) Conceptual model of Corporate social performance, and the Stakeholder Theory, this paper aimed to provide a practical analysis of the multinational's CSR application in the Thailand context.

In terms of the motivating factors for multinationals in Thailand to undertake CSR, the finding shows that different companies have various motivating factors. However, most of the companies agreed that profit is not a motivating factor in doing CSR. The most recurring trend in motivating Thai companies to undertake CSR was

to contribute to the betterment of the nation, while the multinational companies from developed countries aim in gaining acceptance by doing good to the society. The finding sheds light on CSR in Thailand showing that all of the Thai companies have been practicing CSR even before they knew of the terminology. The finding also suggests that CSR in Thailand is becoming institutionalized within the business operations and especially in Thai companies, where there are specific departments who are fully responsible to look over CSR of the company. This is unlike multinational companies from developed countries who reported that they do not have specific departments assigned full time for CSR.

The finding suggests that CSR is largely applied as discretionary in Thailand both by multinationals from developed countries and the Thai-owned companies. Multinational companies from developed countries are thus likely to localize their CSR strategies in order to meet the needs of Thais. No matter where the companies are from, all of them have similar themes. It is found that the application of CSR in Thailand is based on social issues particularly education as well as environmental issues. CSR is mainly considered by both multinationals from developed countries and Thai-owned companies as not to be exercised as philanthropy. However, in order to contribute to society in the long-term, all the companies believe in mainly educating the people in order for them to help themselves, rather than spoon feed them with money

Furthermore, all the companies interviewed stated the importance of having partnership with both government and non-governmental organizations when engaging in CSR activities, reasoning that the partnership is to provide expertise/knowledge about particular issues the companies may not have.

Most importantly, the study reveals the lack of incentives and regulations provided by the government for multinational businesses operating in Thailand to encourage socially responsible behavior.

### Limitations and Recommendations

The first limitation of this study is a limited number of companies in the sample due to the Thailand flooding in 2011. Many companies that were contacted declined to be interviewed as they were affected or had to undertake CSR programs to provide flood relief efforts.

Another limitation was the lack of comparison of multinational companies from the same sector. This is due to the difficulty in obtaining interviews as several companies declined for the same reason given above. It is quite challenging in matching multinational companies from developed economies and Thai multinational companies in the same sector. However, if it is the normal period of time, the companies must be willing to give information on their CSR activities. Otherwise, the companies would be negatively perceived as they are not contributing to the education which is contradicting to their CSR image.

While this research has provided a summary of the multinationals' application of CSR in

Thailand, this research did not provide a solution on how multinationals can measure the success of their CSR application. It is therefore worth exploring in how MNCs can measure the success of their CSR application in Thailand and of course in other contexts. The success can be measured in terms of the impact to the society, the effectiveness of budget spent on CSR activities, and so on. Other potential topics worth for a further study include, for example, the differences between CSR activities in developed and those in less developed countries, the differences of home country nationality on the CSR practices, and the impact of CSR on the company image. The survey approach may be necessary to address the above questions as a larger sample is needed.

Finally, it is recommended that Thai MNCs consider developing measures of CSR success. The companies should be objective to measure the effectiveness borne with multiple parties in the society. The measures, though difficult to develop, are important in determining whether budgets on CSR activities are efficiently spent or not. In addition, MNCs from Thailand can learn the lessons from MNCs from developed economies in communicating their CSR activities more to both internal and external stakeholders. This communication should not be considered as marketing communication strategy. On the contrary, it should be treated as a way to communicate to employees in order to realize the importance of and support the CSR activities. Furthermore, the communication can help develop CSR collaboration with external parties.

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