

THE CORRELATION BETWEEN CORPORATE SOCIAL RESPONSIBILITY (CSR) VISION AND CSR STRATEGY IMPLEMENTATION OF LISTED COMPANIES IN STOCK EXCHANGE OF THAILAND

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ABSTRACT

The research thus was designed to study and investigate the dimension of Corporate Social Responsibility (CSR) strategies implementation of listed companies in Stock Exchange of Thailand, which includes process of CSR: CSR-after-process, CSR-in-process, and CSR-as-process; CSR's strategy: outside-in or inside-out strategy; CSR's activity resources; CSR's activity types; CSR's spirit: fundamental or advance; issue of problem; stakeholders' participation; the benefits of CSR towards stakeholders; CSR's message design; and marketing communications strategies. The researcher then analyzed further to conclude the CSR's outlook and trend of Corporate Social Responsibility Strategy Implementation of Listed Companies in Stock Exchange of Thailand. The research objectives were set as follows: (a) to study the dimensions (environmental, social, economy, community, and so on) and trend of CSR strategy implementation of listed companies in Stock Exchange of Thailand; (b) to study the CSR initiatives which is most implemented by listed companies in Stock Exchange of Thailand; and (c) to study the correlation between Corporate Social Responsibility's Vision and CSR's Strategy Implementation. The expected contributions from the research are: (a) to expand and develop CSR knowledge for academic, executives and related person to have the correct foundation knowledge of CSR filed for their further development and research; (b) to provide the CSR guidance for organizations to manage efficiently their CSR activities upon on international CSR standard for sustainable growth; and (c) to understand the situation, direction, and trend of Corporate Social Responsibility strategy implementation of listed companies in Stock Exchange of Thailand.

Keywords: Corporate Social Responsibility (CSR), Stock Exchange, Thailand

INTRODUCTION

The incremental awareness in 21st century is the incremental demand in process and ethical action in doing business of modern world, including the pressure on industry demanding of ethical business improvement. Accordingly, Corporate Social Responsibility (CSR) is emerged pursuant to the failure world economy. Its notion is enhanced the corporation responsibility to society beyond the profit maximization. The success of the corporation is not only profit maximization but also to pay the corporate responsibility towards society, including

environmental, community, all stakeholders and all other members of the public sphere, to enable the efficiency and sustainable growth of company and society altogether, as well as to prevent the anti-action of consumers against companies' products and activities. Accordingly, CSR thus is the important and necessary knowledge for all companies to make their focus with. The research thus was designed to study and investigate the dimension of Corporate Social Responsibility (CSR) strategies implementation of listed companies in Stock Exchange of Thailand, which includes process of CSR: CSR-after-process, CSR-in-process, and CSR-as-process; CSR's strategy: outside-in or inside-out strategy; CSR's activity resources; CSR's activity types; CSR's spirit: fundamental or advance; issue of problem; stakeholders' participation; the benefits of CSR towards stakeholders; CSR's message design; and marketing communications strategies. The researcher then analyzed further to conclude the CSR's outlook and trend of Corporate Social Responsibility Strategy Implementation of Listed Companies in Stock Exchange of Thailand.

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LITERATURE REVIEW

Corporate Social Responsibility: CSR

The company has their important role towards social system in producing products and service, buying raw materials, hiring employees, paying the taxes to government. However, the population in community and in the country are expected the corporate to give the information, fact data to consumers, fair competition, and preserve environment. Therefore, most companies of all over the world, including listed companies in Stock Exchange of Thailand, are implemented Corporate Social Responsibility Strategy pursuant to the following factors:

1. Citizen's demand from the notion "Every corporate should contribute for social support and development". Since companies have enough resources and knowledge to contribute towards society;
2. In 1874, the emergence of investors pressure led to the new investment, called "Social Responsibility Investment (SRI)". It was the investment fund which was chosen to invest exclusively in businesses which have clear policy and operation of CSR implementation for environmental and social development;

3. Academic development from continuous CSR researches, such as Professor Theodor Kreps (1940) with his notion: "Social Audit" – business corporate should make the report of their CSR. Later George Goyder (1960) published the book of "The Responsible Company" by claiming that corporation has responsibilities to society beyond the profit maximization;
4. Cooperation framework amongst international countries in UN Conference on the Human Environment, Sweden, 1974, which led to the establishment of United Nation Environment Program (UNEP) – which is responsible to Corporate Social Responsibility of business sector;
5. Globalization: Business Corporation expands their business throughout the world. If there is no equal standard or control system, those will lead to unfair or unethical treatment. Accordingly, international companies have branches and partners all over the world, they have to apply CSR approach with them as well; and
6. Free trade agreement and law renovation – since law and regulations could not cover all modern trade nowadays, leading companies thus has CSR to enhance CSR trend to cover unreachable gap of law.

While Porter, Michael E. & Kramer, Mark R. (2006) concluded that CSR strategy has stimulated CSR strategy implementation as follows:

- 1) Ethical regulation which is the core objective of CSR.
- 2) Sustainable Development – focusing on environment and community support which H.E. Gro Harlem Brundtland, Prime Minister of Norway in 1980's identified "Meeting the needs of the present without compromising the ability of future generations to meet their own needs.", World Business Council for Sustainable Development (WBCSD).
- 3) The operation license from government.
- 4) The good corporate reputation from CSR strategy implementation to leverage corporate image, branding, ethical of corporation and value of listed company in stock exchange.

The above approach are similar to the notion of Polonsky (1994), which is identified that many corporations are recognized that Green Marketing is opportunity in achieving the missions of company.

HYPOTHESIS

Hypothesis 1: There is the correlation between corporate vision/mission and the corporate social responsibility strategic implementation

Hypothesis 2: There is the correlation between CSR vision/mission and the corporate social responsibility strategic implementation

Hypothesis 3: There is the correlation between corporate vision/mission and the corporate social responsibility vision

Definitions

Vision means the definition of the way an organization or enterprise will look in the future. Vision is a long-term view, sometimes describing how the organization would like the world to be in which it operates.

Mission means the definition of the fundamental purpose of an organization or an enterprise, succinctly describing why it exists and what it does to achieve its Vision.

Strategy means a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. A strategy is sometimes called a roadmap which is the path chosen to plow towards the end vision. The most important part of implementing the strategy is ensuring the company is going in the right direction.

Social marketing means the systematic application of marketing, along with other concepts and techniques, to achieve specific behavioral goals for a social good. Social marketing can be applied to promote merit goods, or to make a society avoid demerit goods and thus to promote society's well being as a whole.

Corporate social responsibility (CSR) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

Sustainable development (SD) is a pattern of resource use, which aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for generations to come. The field of sustainable development can be conceptually broken into three constituent parts: environmental sustainability, economic sustainability and sociopolitical sustainability.

REAEARCH METHODOLOGY

The research methodology was the quantitative method - content analysis (census), by collecting data throughout website of all listed companies in Stock Exchange of Thailand (SET) during 2009-2010. There were 497 listed companies from 27 industries (Source: <http://www.set.or.th/set/marketstatistics.do?language=th&country=TH>, Stock Exchange of Thailand, August 6, 2009). The details are shown in Figure 1 and Figure 2.

Figure 1 The quantitative method-content analysis (census), by collecting data throughout website of all listed companies in Stock Exchange of Thailand (SET) during 2009-2010

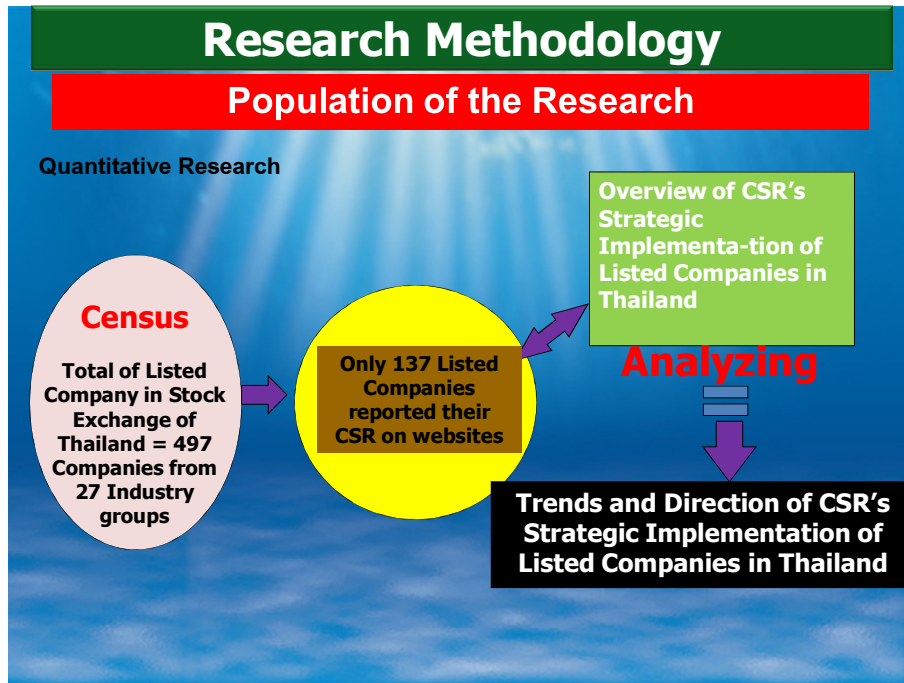
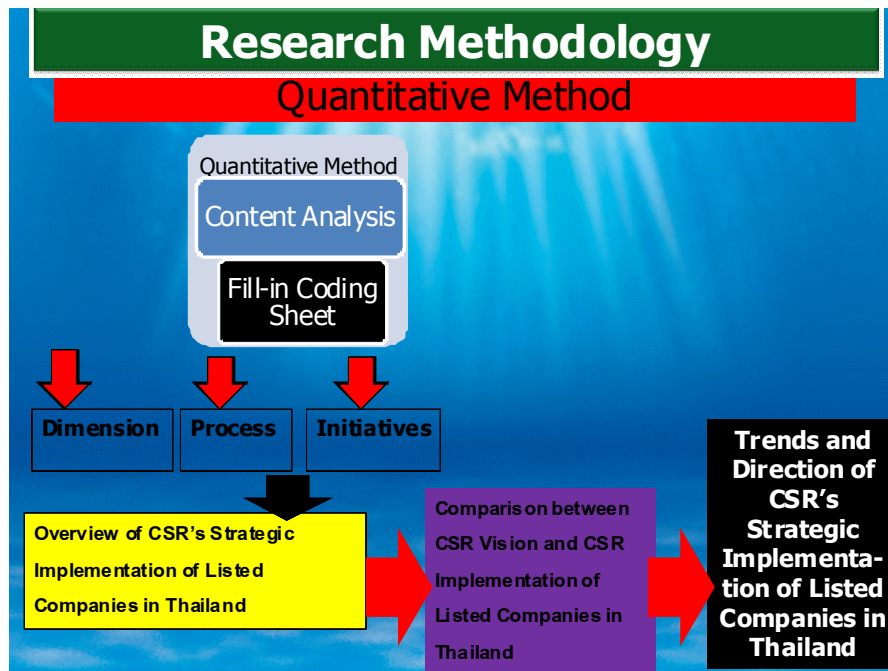


Figure 2 The method and aspect of CSR from collecting data throughout website of all listed companies in Stock Exchange of Thailand (SET) during 2009-2010



FINDINGS

The findings revealed that there were only 137 listed companies in SET (27.57 per cent) which have CSR report on their own website from all 497 listed companies from 27 industries (Source: <http://www.set.or.th/set/marketstatistics.do?language=th&country=TH>, Stock Exchange of Thailand, August 6, 2009). While there were 360 listed companies in SET (72.43 per cent) which had no CSR report on their own website from all 497 listed companies from 27 industries.

Industry group who the most reported their CSR on website was IT & Telecom Industry: 21 companies from 28 companies, calculated as 15.3 per cent, followed by Property Industry 14 companies or 10.2 per cent, and Food & Beverage 10 companies, or 7.30 per cent.

The research unveiled that most companies identified their visions and mission on consumers' rights dimension 80 companies, calculated as 58.4 per cent, followed by economy dimension 42 companies, or 30.7 per cent, and environmental dimension 6 companies or 4.4 per cent, as shown in Table 1.

Table 1 Corporate Vision and Mission of Listed Companies in SET

Dimensions	Companies	Percentage
Environmental	6	4.4
Social	4	2.9
Economy	42	30.7
Educational	2	1.5
Community	3	2.2
Health and well-being	0	0
Human rights	0	0
Consumers rights	80	58.4
Cultural	0	0
Others	0	0
Total	137	100.0

Table 2 CSR Vision and CSR Mission of Listed Companies in SET

Dimensions	Companies	Percentage
Environmental	30	21.9
Social	16	11.7
Economy	13	9.5
Educational	19	13.9
Community	18	13.1
Health and well-being	2	1.5
Human rights	0	0.0
Consumers rights	38	27.7
Cultural	1	0.7
Others	0	0.0
Total	137	100.0

Listed companies in Stock Exchange of Thailand identified their own CSR visions/missions in dimension of consumer right, total 38 companies, as the percentage of 27.7%, 30 listed companies in environmental dimension as the percentage of 21.9, and 19 listed companies in educational dimension as the percentage of 13.9% respectively, as shown in Table 2.

Table 3 CSR's Strategic Implementation of Listed Companies in SET

Dimensions	Companies	Percentage
Environmental	29	21.2
Social	69	50.4
Economy	6	4.4
Educational	25	18.2
Community	3	2.2
Health and well-being	3	2.2
Human rights	0	0
Consumers rights	1	.7
Cultural	0	0
Others	1	.7
Total	137	100.0

The result from Table 3 found that most listed companies in SET implemented their on social dimension 69 companies, calculated as 50.4 per cent, followed by environmental dimension 29 companies, or 21.2 per cent, and educational dimension 25 companies or 18.2 per cent. It was concluded that over 90% of listed companies in SET implementing CSR in the aforementioned 3 dimensions.

Table 4 CSR's Initiatives of Listed Companies in SET

CSR's Initiatives	Companies	Percentage
Cause Promotion	9	6.6
Cause Related Marketing	0	0
Corporate Social Marketing	5	3.6
Corporate Philanthropy	90	65.7
Community Volunteer	4	2.9
Social Responsibility Business Practices	29	21.2
Total	137	100.0

The researcher found that CSR's Initiatives of most companies were Corporate Philanthropy 90 companies, calculated as 65.7 per cent, followed by Social Responsibility Business Practices 29 companies, or 21.2 per cent, and Cause Promotion 9 companies or 6.6 per cent, as described in Table 4.

HYPOTHESIS TEST

Hypothesis 1 - There is the correlation between corporate vision/mission and the corporate social responsibility strategic implementation

Table 5 Statistic of Chi-square and p-value

	Environm ental Dimensio n	Social Dimension	Economy Dimension	Educational Dimension	Community Dimension	Heath Dimension	Consumer Rights Dimension	Others
Environmental Dimension	3	1	1	1	0	0	0	0
Social Dimension	0	4	0	0	0	0	0	0
Economy Dimension	4	21	2	12	1	1	0	1
Educational Dimension	0	0	0	2	0	0	0	0
Community Dimension	1	1	0	0	1	0	0	0
Heath Dimension	0	0	0	0	0	0	0	0
Consumer Rights Dimension	21	42	3	10	1	2	1	0
Others	0	0	0	0	0	0	0	0
Pearson's Chi-square = 44.352, d.f. = 35, p-value = 0.134								

Statistical Hypothesis

H₀: Corporate Vision/Mission is not correlated with CSR Strategic Implementation

H₁: Corporate Vision/Mission is correlated with CSR Strategic Implementation

The Result:

From Table 5 is shown the result of Pearson's Chi-square = 44.352, d.f. = 35, p-value = 0.134. Thus, our test statistic is in the acceptance region. Accordingly, we accept that H₀ is true: Corporate Vision/Mission is not correlated with CSR Strategic Implementation.

Hypothesis 2 - There is the correlation between CSR Vision and the Corporate Social Responsibility Strategic Implementation

Statistical Hypothesis:

H₀: CSR Vision is not correlated with CSR Strategic Implementation

H₁: CSR Vision is correlated with CSR Strategic Implementation

The Result:

As shown in Table 6, there are Pearson's Chi-square = 261.152, d.f. = 49, p-value = 0.000. Accordingly, our test statistic is in the rejection region, we thus reject H₀ and accept H₁ Hypothesis that CSR Vision is correlated with CSR Strategic Implementation

Table 6 Statistic of Chi-square and p-value

	Environm ental Dimension	Social Dimensio n	Economy Dimensio n	Educatio nal Dimension	Communit y Dimension	Heath Dimensio n	Consumer Rights Dimension	Others
Environmental Dimension	18	11	0	1	0	0	0	0
Social Dimension	0	14	1	0	0	1	0	0
Economy Dimension	1	7	4	0	0	0	0	1
Educational Dimension	0	1	1	17	0	0	0	0
Community Dimension	2	9	0	4	3	0	0	0
Heath Dimension	0	0	0	0	0	2	0	0
Consumer Rights Dimension	8	26	0	3	0	0	1	0
Others	0	1	0	0	0	0	0	0

Pearson's Chi-square = 261.152, d.f. = 49, p-value = 0.000

Hypothesis 3 - There is the correlation between Corporate Vision/Mission and the Corporate Social Responsibility Vision

Table 7 Statistic of Chi-square and p-value

	Environmental Dimension	Social Dimension	Economy Dimension	Educational Dimension	Community Dimension	Heath Dimension	Consumer Rights Dimension	Others
Environmental Dimension	4	1	1	0	0	0	0	0
Environmental Dimension	0	4	0	0	0	0	0	0
Environmental Dimension	6	6	10	8	11	0	1	0
Environmental Dimension	0	0	0	2	0	0	0	0
Environmental Dimension	0	1	0	0	2	0	0	0
Environmental Dimension	20	4	2	9	5	2	37	1

Pearson's Chi-square = 110.965, d.f. = 35, p-value = 0.000

Statistical Hypothesis

- H₀: Corporate Vision/Mission is not correlated with CSR Visions
- H₁: Corporate Vision/Mission is correlated with CSR Visions

The Result

From Table 7 is shown that there are Pearson's Chi-square = 110.965, d.f. = 35, p-value = 0.000. Thus, our test statistic is in the rejection region. Accordingly, we reject H₀ and accept H₁ Hypothesis that Corporate Vision/Mission is correlated with CSR Visions.

CONCLUSIONS

The results are shown that only 137 listed companies, from 497 listed companies in SET during 2009-2010, had CSR report on their own website. But there was the trend that many Thai listed companies will employ more CSR towards CSR popular and globalization. In addition, listed companies in Stock Exchange of Thailand identified their own CSR visions/missions in dimension of consumer right 27.7 per cent, followed by environmental dimension 21.9 per cent, and 19 listed companies in educational dimension as the percentage of 13.9% respectively.

The survey results unveils that 69 listed companies in Stock Exchange of Thailand have implemented CSR in social dimension as the percentage of 50.4, followed by 29 companies in environmental dimension or 21.2 percent and 25 companies in educational dimension as the percentage of 18.2. It was concluded that over 90% of listed companies in SET implemented CSR in these 3 dimensions. However, there were many more disasters happening, including the trend of climate change campaign throughout worldwide, so it was the trend for environmental dimension for Thai listed companies in SET as well.

Regarding CSR's Initiatives, there were 90 listed companies in SET employed Corporate Philanthropy, 90 companies, or 65.7 per cent, followed by Social Responsibility Business Practices 29 companies, or 21.2 per cent, and Cause Promotion 9 companies or 6.6 per cent.

Finally, the corporate vision/mission is no correlated with their own CSR vision/mission. On the other hand, there were correlation between the corporate CSR visions/missions and their dimensions of CSR strategy implementation, including the correlation between Corporate Visions/Missions and CSR Visions.

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