

A Study of CSR in Thailand (I) : Awareness and Practice

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Abstract

The CSR concept is apparently gaining momentum in business management in Thailand. The meanings of CSR in global context are verified meanwhile the awareness and responses from domestic perspective are also reviewed. Some leading companies in Thailand are accepting CSR as a core strategy for their sustainable business development. Some large enterprises are acting as a role model in performing the CSR as a duty. However it was found that in some CSR reports, their guidelines of CSR are somewhat the blend of new concepts and traditional cultural elements.

Key words : awareness of CSR concept, CSR in Thai context, Buddhist influence, Philosophy of Economic Sufficiency

Introduction

In general, it is understood that the concept of CSR(corporative social responsibility)is derived from the guidance of the United Nations Global Compact¹(UNGC)which has proposed ten principles of conduct for business as follows:

..... The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Right

Principle 1:Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:make sure that they are not complicit in human rights abuses.

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1 <http://www.unglobalcompact.org/aboutthegc/thetenprinciples/index.html>

Labour

Principle 3:Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:the elimination of all forms of forced and compulsory labour;

Principle 5:the effective abolition of child labour; and

Principle 6:the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7:Businesses should support a precautionary approach to environmental challenges;

Principle 8:undertake initiatives to promote greater environmental responsibility; and

Principle 9:encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10:Businesses should work against corruption in all its forms, including extortion and bribery.

It should be noted that behind the UNGC's guidance mentioned above, the CSR was originated from the business background.

CSR efforts began to spread after the World Trade Organization Ministerial Meeting on 30 November 1999 discussed crucial steps in showing its commitment on not only economics, but also social and environmental aspects. Many multi-national corporations(MNC)have started their initiatives in CSR implementation and also developed policy advocacies to promote CSR among their groups of companies, subsidiaries and branches globally.²

In Pareena &Olsen' s work as a the report byThe Network of NGO and Business Partnerships for Sustainable Development(Thailand), United Nations Development Program(UNDP) they make a remark that....

"Corporate Social Responsibility" has become a popular term, yet there is no universally accepted definition of what it means. It is multidisciplinary in nature covering a wide range of issues. Therefore, there are different definitions and adaptations in different companies.³

CSR Terminology in Thai Language

Considering the terminology in Thai , the literally meaning of CSR(corporate social responsibility)is /kwam rab phid chob doy ruam tor sang khom/(ความรับผิดชอบต่อสังคม) which sounds too long and complicated to speak out, in many occasions and projects it has been simplified to a shorter term as / khuen suu sang khom/(คืนสู่สังคม)which literally means a

2, 3 Pareena & Olsen

"return to the society". Thinking of the nuance in Thai language, the first terminology assumes only the responsibility of the organization, but the latter implies the reciprocal relationship between an organization and society in which "something has been taken from society" so that it is to be "returned or given back" to the society. The language might not cause confusion but it can lead to different aspects of understanding about human relationship and some certain issues when it is adapted to real practice as a policy in doing business in Thailand. Below are samples of the "give-back" concept by Minor International Public Company in Thailand⁴.

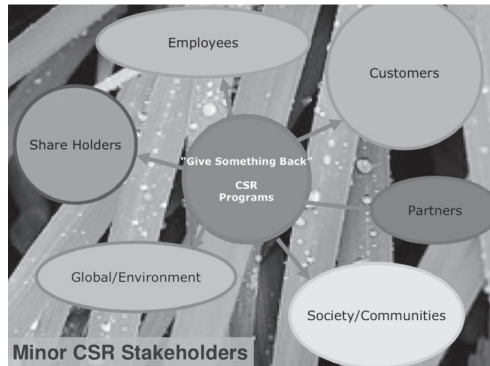


Diagram 1 : Minor CSR Stakeholders, Give Something Back CSR Programs

Source: Minor CSR Report 2010



Diagram 2: CSR Inspiration, the ability to give something back

Source: Minor CSR Report 2009

No matter how the wordings are used in Thai there was general agreement that the concept is still very new and there is no real consensus among business leaders about the definition, focus, or scope of CSR in Thailand. This was noted to be especially true for local Thai Small and Medium-sized Enterprises (SMEs), whereas large Multinational Companies (MNCs) usually had CSR programs that originated at headquarters in the West.⁵

4 Minor CSR Report 2010, 2009

No wonder that the role model companies in CSR practice in Thailand are those large enterprises or the big market capitalization companies which operate the organization by international management standard.

The International Concept of CSR

After having studied five different definitions from

1. The European Union or EU,
2. World Business Council for Sustainable Development or WBCSD,
3. Business for Social Responsibility or BSR,
4. Canadian Chamber of Commerce and CSR Asia (both in Hong Kong) and
5. the ISO 26000 – Committee (Draft Version),

Pareena & Olsen proposes the conclusion about the nature of the CSR that,

The five definitions articulate two common essences of CSR.

1. Businesses are urged to show concern and take actions and responsibilities to society and environment, and
2. businesses should integrate environmental and social implications into their day-to-day business operations.

They conclude that ...in sum, CSR is integrated into three areas (often referred to as triple bottom line): namely people (society), planet (environment) and profit (economics), as shown in the diagram below,⁶

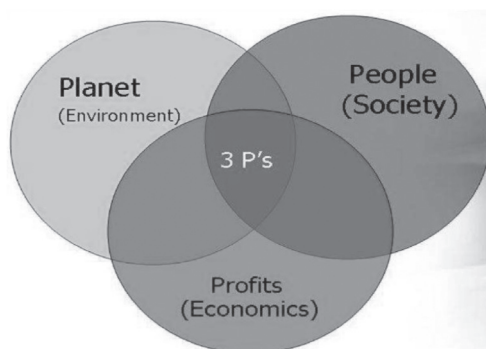


Diagram 3: Triple bottom line

Source: Pareena&Olsen

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The diagram of the "triple bottom line" as a guideline should certainly inspire companies in their CSR implementation. For example the Minor International, one of the big size capitalization listed companies in SET (Stock Exchange of Thailand) illustrated in their CSR report of 2010 a similar structure.



Diagram 4: Minor SCR... Sustainable Development... Triple Bottom Lines
Source:Minor CSR Reort 2009, 2010

It is undeniable that CSR has gained momentum rapidly in business in Thailand. The big capitalization company like the PTT (Petroleum of Thailand) illustrates their vision of business or strategic framework clearly that the CSR is accounted as one of the three pillars of their sustainable growth strategy, as shown below:



Diagram 5: PTT Strategy Framework
Source: PTT Group's CSR Report 2010

Purpose of Study

The first part of this study aims to generalize and review the awareness and responses of CSR in Thailand. The second part aims to examine the operation on the CSR activities in some particular companies which will be selected as case studies from the list of more than four hundred companies in the SET (Stock Exchange of Thailand). Also some unlisted but outstanding companies in CSR performance will be selected for this study as well.

The industry and sector of business in Thailand can be categorized as shown in the table below:⁷

Industry	Sector	
Agro & Food Industry	AGRI	Agribusiness
	FOOD	Food and Beverage
Consumer Products	FASHION	Fashion
	HOME	Home & Office Products
	PERSON	Personal Products & Pharmaceuticals
Financials	BANK	Banking
	FIN	Finance and Securities
	INSUR	Insurance
Industrials	AUTO	Automotive
	IMM	Industrial Materials & Machinery
	PAPER	Paper & Printing Materials
	PETRO	Petrochemicals & Chemicals
	PKG	Packaging
	STEEL	Steel

7 Stock Exchange of Thailand

Property & Construction	CONMAT	Construction Materials
	PFUND	Property Fund
	PROP	Property Development
Resources	ENERG	Energy & Utilities
	MINE	Mining
Services	COMM	Commerce
	HEALTH	Health Care Services
	MEDIA	Media & Publishing
	PROF	Professional Services
	TOURISM	Tourism & Leisure
	TRANS	Transportation & Logistics
Technology	ETRON	Electronic Components
	ICT	Information & Communication Technology

Table 1. Industry and Sector Classification of Business in SET

A total of 469 companies in 27 sectors, 8 categories of industry usually are classified into three types of market capitalization, the big, medium and small. The value of the big market capitalization must be over 10,000 million baht, the medium one is more than 2,500 million, and the small one is lower than 2,500 million. Some companies are domestic market oriented while some are multi/international oriented. They all have different business models even among the companies in the same sector of business. However, in terms of the quality of business management from now on into the future, the CSR practice will definitely play important role. Sooner or later the CSR is inevitable path for all listed companies, by then the concept of the CSR should become as simple as what Baker defines. According to Baker, CSR is about how companies manage the business processes to produce an overall positive impact on society.⁸ He also proposes a diagram of how business nowadays looks like.

8 Baker, M.



Diagram 6: The Business in Society

Source: Baker, Mallen

The Awareness of the CSR Concept

Currently the CSR is gaining attention and acceptance in wider range of business in Thailand. Many noted multiple new institutes, awards, and workshops that have some degree of backing to push the CSR agenda in a Thai context, including the Corporate Social Responsibility Institute (CSRI) at the SET (Stock Exchange of Thailand), the new CSR department at the Royal Foundations, and The NETWORK of NGO and Business Partnerships for Sustainable Development in Thailand.⁹

In 2002 the Asian Forum on Corporate Social Responsibility (AFCSR) was launched by the AIM-Ramon V. del Rosario, Sr. Center for Corporate Social Responsibility, which became one of the first research centers in Asia concentrating on corporate responsibility issues. So far the AFCSR is supposed to be the largest annual conference on corporate social responsibility (CSR) in this region. With the cooperation at international level it will host the 11th annual conference in Bangkok in October 2012. The annual award program is one of the AFCSR highlight activities. The awards seek to identify and honor companies as well as to provide role models of best practices for other companies. The four focus areas are:

1. Environment and Value Chain Management
2. Governance and Society
3. Labor and Employee Engagement
4. Product Responsibility and Consumer Rights

9 Pareena & Olsen

In 2006, in parallel with the international trend and to encourage the CSR consciousness in business circle in Thailand, the Stock Exchange Market of Thailand (SET) (government organization) decided to create a new award, the Best Corporate Social Responsibilities (CSR) Awards to the list of the annual SET Awards. Generally, the categories of the awards are to be changed from year to year corresponding to the market and economic situation, but the Best CSR Award has never been dropped off from the list since its start.

Outstanding Thai Company

CSR Asia has measured the state of corporate social responsibility among the largest listed companies in ten markets operating in the Asia Pacific region. Included in the ranking are the top 20 companies by market capitalization from Australia, China, Hong Kong, India, Japan, Malaysia, Pakistan, Philippines, Singapore and Thailand. uses 51 indicators The 51 CSR indicators are organized into the following six headings:

1. Governance, codes and policy
2. CSR strategy and communication
3. Marketplace and supply chain
4. Workplace and people
5. Environment
6. Community and development.¹⁰

Regarding the twenty companies chosen by size of the market capitalization in Thailand, it was found that,

The Siam Cement Public Company tops the list in Thailand and also ranks 14th overall out of the full sample of 200 companies from 10 Asian countries in the 2009 rating. Consistently high scores across the six categories demonstrate the multi-dimensional nature of the company's commitment to CSR and are indicative of the importance of transparency, reporting and stakeholder communications in order to achieve their CSR goals.¹¹

Actually the Siam Cement Public Company is one of the award winning repeaters in SET Awards program.

This reflects the view of Mr. Chaovalit Ekabut, President, SCG¹² Paper who states that, "CSR is not an extra activity, it is our duty. And it is important that all stakeholders should be engaged to contribute their parts in the activity in order to develop mutual trusts in achieving a common goal. In today's world, society is the one who really determines the "license to operate" for any business, and it is ready to do that any time."¹³

10, 11, 13 CSR Asia Center at AIT

12 Siam Cement Group

CSR and Philosophy of Economic Sufficiency

Another perspective about the CSR concept in Thailand is that the CSR is well embraced as a driving force for corporations' development but the CSR is a community based concept that needs strong support for the community foundation, and such support can be derived from the philosophy of economic sufficiency. As stated by Veena,

What makes CSR in Thailand unique It builds strongly on a local development concept called 'Sufficiency Economy Philosophy', which was initiated by His Majesty King Bhumiphol Adulyadej the Sufficiency Economy Philosophy is focused on building a strong economic foundation and self-reliance at a local community level CSR and the Sufficiency Economy Philosophy share many common characteristics, such as community-based development, local networking, stakeholder participation, partnership and collaboration and the importance of community context and local wisdom. Hence, the Sufficiency Economy Philosophy plays a supportive role in strengthening and leveraging the potential of CSR to respond to local conditions, economic activities and a community-based lifestyle.¹⁴

The Sufficiency Economy Philosophy or/prachaya sethakij phor phiang/(ปรัชญาเศรษฐกิจพอเพียง) in Thai term, has been proposed by King Bhumiphol as a guiding methodology for recovering Thai economic condition after the nation's economic crisis in 1997, but for some reason, His Majesty's initiative philosophy has been ignored for many years until after the severe economic crisis in Euro zone and the United States of America in recent years, the concept has been brought to be reconsidered as a proper economic philosophy for the overall Thai.

Royal Influence

Going along with Veena's idea on the supportive role of the King's philosophy, Pareena & Olsen does report that,

Another aspect that has had an effect on attitudes toward CSR practices is the enormous amount of respect and devotion Thai people have for the monarch, His Majesty King Bhumibol Adulyadej. The king and the royal projects and foundations that he has set up to advocate development causes and assist the poor have had a strong influence on the national development agenda (Vichit-Vadakan, 2002). A large number of respondents referred especially to the National Agenda of Giving and Volunteering initiated in 2006/2007 for his 80th birthday. This has led recently to the establishment of a new CSR department in the Royal Foundations, which are among the largest and strongest development organizations in the nation. This no doubt has led many in the business community and civil society to take up the cause and seek new ways to support the initiative.¹⁵

14 Veena

15 Pareena & Olsen

Buddhist Influence

Another strong influence to the CSR concept among the Thai is the Buddhist belief, since more than 95% of population is pragmatic Buddhist. The belief in law of Karma is deep rooted and becomes part of a person's logic and judgment. Therefore, "... ethical behavior in business, economics and society more generally is the responsibility of individuals rather than of organizations taken in the abstract." Nonetheless, it was found that increasing numbers of businesses are embracing Buddhist principles and that acts of giving are lauded socially, especially when specific cases are made known through the media (Vichit-Vadakan, 2002). While it is not possible to make an ethical judgment on motivations for CSR, Buddhist tradition no doubt is a strong factor encouraging socially responsible practices in the private sector in Thailand.¹⁶

Below is a diagram derived from the published CSR report of 2009 of Minor International Public Company.¹⁷ Apparently, their CSR policy is the collaboration between the modern western concepts and the traditional Buddhist principles, the royal virtues and the King's initiative idea.



Diagram 7: Guidelines of Minor CSR

Source: Minor CSR Report 2009

The translation of the above diagram:

The CSR of Minor is based on the business compass for society

Combined with Principles of UN Global Compact, OECD Guideline, ISO 26000,

The Ten Royal Precepts, Buddhist Principles

And the Philosophy of Economic Sufficiency

As a Guideline

¹⁶ Pareena & Olsen

¹⁷ Minor CSR Report 2009

Conclusion

In the beginning stage of embedding the new concept of CSR as a business strategy in Thailand, it is necessary to make a frame for common understanding which compromises and blends with the Thai cultural context. The belief system, the cosmology, traditional ways of life and culture at psychological level such as the love and loyalty towards the monarch are inevitable to use as supportive factors. In the years to come, more changes are expected to happen and become a new chapter of the CSR awareness and practice in Thailand.

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