

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

This chapter reviews the literature in five main areas along with summary: (1) definitions of corporate social responsibility (CSR), (2) the concept of corporate social responsibility (CSR), (3) the concept of participation, (4) the concept of communication, attitude and behavior, (5) related research studies.

#### **2.1 DEFINITIONS OF CORPORATE SOCIAL RESPONSIBILITY (CSR)**

United Nation Industrial Development Organization provided the definition of corporate social responsibility as “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders” (<http://www.unido.org/index.php?id=o72054&L=2>).

Dr. Pipat Yodprudtikan (2550) said that corporate social responsibility is activity performances both inside and outside organizations that are responsible for society both near level and distant level with using resources inside or outside organizations in order to help organizations coexist with their societies. (<http://www.nidambe11.net /ekonomiz/2007jan09p2.htm>)

Dr. Sophon Pornchokchai (โสภณ พรโชคชัย, 2551, p. 14) defined corporate social responsibility as a responsibility for stakeholders, employees, customers, suppliers, communities located around organizations. Organizations having CSR must not deceive employees, customers, or suppliers and must not destroy environment or communities.

Kotler and Lee (2005) defined Corporate Social Responsibility as a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.

The Institute of Directors (2002) stated that CSR is about business and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how

organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment.

From all definitions of CSR, the researcher defines CSR as an organization's responsibility for its impact on stakeholders, employees, customers, suppliers, communities, and environment with the feelings of sincerity, not pretending to have a social responsibility.

## **2.2 THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In Thailand, the concept of Corporate Social Responsibility (CSR) happened to coincide with the establishment of business organizations. However, the concept of CSR was in a form of philanthropy and people didn't call it CSR until 2006 when the concept became more concrete and was added to be one of organizations' regulations (<http://csr-faq.blogspot.com/2005/11/blog-post.html>).

### **2.2.1 Six Types of CSR Activities**

Kotler and Lee (2005) stated that the type of CSR can be divided into six groups as follow:

**1. Cause Promotion:** it is a way that organizations promote any activities that contribute communities by providing funds or other organization's resources in order to increase and support people's awareness of social problems.

**2. Cause-Related Marketing:** it is a way that organizations donate some of their income from selling products to help communities.

**3. Corporate Social Marketing:** it is an organization's campaign to change people's behaviors for improving the environment, public health, safety, and community well-being.

**4. Corporate Philanthropy:** it is a way that organizations help communities directly in forms of donations, giving money or stuffs. This is a type of CSR activity that can be seen in almost all of organizations.

**5. Community Volunteering:** it is a way that organizations support or motivate its employees to devote their time to contribute to communities for

example, employees of a high tech company tutoring youth in middle schools on computer skills.

**6. Socially Responsible Business Practices:** it is a way that an organization tries to avoid being a cause of social problems or the way that an organization accepts responsibility for the social problems which are the results of its business.

According to above types of CSR activities, we will see that the first three types of CSR activities relate to a marketing communication and most of them use resources from outside organizations to do activities or can be called Social-driven CSR; whereas, the latter three types of activities will mainly use resources from inside organizations or can be called Corporate-driven CSR.

#### 2.2.2 The Seven Keys to Success in Doing CSR

Anantachai Yoonprathom ( 2005, p. 32) suggested that most of CSR activities nowadays lack obvious directions and frameworks; therefore, the way to success in doing CSR may depends on 7 factors as follows:

**1. Leadership:** organization leaders play an important role in supporting CSR. If leaders don't understand and disagree with CSR, it will be difficult for CSR concept to be developed.

**2. SD Committee:** CSR is a duty that everybody in an organization has to do together. It is necessary that organizations should have a committee which consists of a chief executive who can make a decision and supports CSR performances and coordinate with every part of an organization.

**3. Understand External and Internal Contexts:** this will prevent organizations from wasting time in using a trial and error method. It helps executives to choose a proper method for their organizations.

**4. Stakeholder Collaborations:** organizations should identify who are stakeholders of the organizations and then specify an obvious framework in order to create collaboration among stakeholders.

**5. Framework and Tools:** it is important to have a sustainable framework; otherwise, CSR activities will be only a trendy activity that is not sustainable.

**6. Communication Design:** an organization should not only communicate to people outside the organization, but also communicate to people inside the organization.

**7. Knowledge Management:** an organization should give knowledge about CSR to every part of the organization including evaluation and follow up the outcome.

According to the seven key factors, the researcher concludes that CSR activities should consist of an organization leader who understands and supports CSR concept, collaboration among organization members, a sustainable and obvious framework, an effective communication channel, and knowledge of CSR in order to help CSR activities become sustainable and successful.

### 2.3 THE CONCEPT OF PARTICIPATION

In 1977 Wall and Lischeron's study (as cited in Chell, 1985) stated that participation consisted of three elements that were influence, interaction, and information-sharing which were required consideration. Also, the concept of participation included the notion of 'involvement' which concerns interactive, constructive, and problem-solving orientation of those involved.

Cohen and Uphoff (1977) claimed that the process of participation can be divided into 4 steps as follows:

1. Decision Making: it is a step that people in a community specify their requirements by themselves. This step consists of three methods that is initiating, proceeding, and finalizing.
2. Implementation: it consists of the support of resources, management, and cooperation.
3. Benefits: in terms of both physical interest (facility services that enhanced quality of life) and mental interests.
4. Evaluation: this step aims to measure whether the target outcomes are met or not.

They also stated that people should involve in the first step through the last step of participation for example, finding information, examining problems,

discussing solutions, making decisions, project operations, and performance evaluation.

### 2.3.1 Factors Influencing People's Participation

Nirund Jongvudhivedge (อ้างถึงใน ทวีทอง หงส์วิวัฒน์, 2527, น. 186-187) explained that people will participate in activities when:

1. they have faith in those activities;
2. they have to obey someone they respect; and
3. they are forced by influential people.

He also stated that an achievement of participation depends on the following factors:

1. People must have enough time for participating in activities.
2. People don't want to pay more money than they expect for participating in activities.
3. Activities must meet people's interest.
4. Participation in any activities must not affect people's role and status.

According to the concept of participation, the participation is an involvement of people in many activities related to their interest. However, there are many factors and conditions that influence the achievement of participation.

## 2.4 THE CONCEPT OF COMMUNICATION, ATTITUDE, AND BEHAVIOR

Rogers (อ้างถึงใน วัลลภา เพ็ชรไสประเสริฐ, 2547, น. 29) stated that communication is important because it can affect people's knowledge, attitude, and behavior. In general, this process always related to one another for example, when people know something from communication through any media, their attitudes toward those things will change, and then this attitude will affect their behavior or can be stated that people will behave in the same way as their knowledge and attitude.

However, he also stated that this process will not always happen. Sometimes knowledge, attitude, and behavior are not related to or affected by one another. In

this case, he suggested that we should give people more knowledge and suggestions, give them some rewards or use a person as a communication tool to persuade them.

## 2.5 RELATED RESEARCH STUDIES

Wanlapa Petchsaiprasert (วัลลภา เพ็ชรไรสประเสริฐ, 2547) studied on perception, attitude, and participatory behavioral intention towards the police's special patrol program of residents in Bangkok metropolis. She found that a perception level of people was at moderate level. The attitude of people towards the police's special patrol program of residents was at moderate level as well, and a tendency of people's behavior in participating in the police's special patrol program was at uncertain level.

Thanmanustanun Phaniphuk (ธัญมนัสชนัญญ์ พานิกัล, 2549) studied corporate social responsibility for small and medium business enterprises. The objectives of this study were based on the sustainable business development which contains CSR concept and model, CSR process design, human resources management in CSR practices, entrepreneur or chief officer's knowledge and understanding of concept and criteria for success. For the result, the Small and Medium Business Enterprises must use corporate social responsibility (CSR) to develop sustainable competitiveness and must voluntarily reach deep into its consciousness to adopt CSR permanently. To obtain corporate governance, it must implant a conscious desire for advancement by developing a learning organization, creating a scheme for sharing, participation, involvement, and devising method for linking interaction from inside out as well as from outside in.

Buntita Supkamol (บัณฑิตา ทวีชัยกมล, 2544) studied the approach of business sector on social responsibility: a case study of industrial estates in Bangkok area. The objectives of this study were to study the executives' perspective and attitudes toward the idea of social responsibility including policies, extracurricular activities and likelihood of those activities in the near future. The study found that their attitude toward individual responsibility including accountability towards communities, welfare, education, customers' right and social culture was pretty high.

However, 70.5% of companies didn't have any policy to support art and culture. 83.4% of participating companies didn't have any activities to support art and culture. The motivation of holding extracurricular activities was high and the most tendency of holding these activities in the near future (2545-2546) still emphasized how to manufacture the best quality product for customers. The second alternative was to preserve and protect environment and to donate money of utilities to public need. This study suggested that government should participate in propagating information about CSR to the related companies or responsible section and promote Corporate Governance Practices to every business sector in order to have the benefits to employees and communities.

In summary, this chapter has presented the definitions of corporate social responsibility (CSR), the concept of corporate social responsibility (CSR), the concept of participation, the concept of communication, attitude and behavior, and related research studies.