

**A STUDY OF CSR-IN-PROCESS PRACTICES:
THE CASE OF THAI SMEs**

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Abstract

The objectives of this Study of CSR-in-process Practices: The Case of Thai SMEs are to 1) to survey the level of CSR-in-process practices of Thai SMEs, 2) to investigate the extent of relationships between these CSR-in-process practices and major organizational and entrepreneur-wise characteristics of the SMEs, and 3) to examine the types of practices reflecting corporate social responsibility (CSR) of Thai SMEs. Questionnaires are used to collect data from 85 samples of Thai SMEs. Data are analyzed statistically for frequencies, percentages, means, and standard deviations. Correlations between organizational characteristics and the level of CSR-in-process practices are examined using chi-square test and Spearman rank correlation coefficient at statistically significant level of .05.

The results show most of the respondents are women, aged between 31-40 years, with educational qualification higher than bachelor degrees, and holding manager/managing director positions. Most of the enterprises in the sample are in retail/wholesale sector, of 1-5 years of operation, with registered capital of 1,000,000 Baht, and annual turnover of between 1,000,001-10,000,000 Baht.

On the nine areas of the CSR-in-process practices, most of the sample group expressed that their enterprises achieved all nine indicators at the level of High or Highest. Those with the Highest levels are Fair Labor Relations (mean = 4.42), Fair Business Operations (mean = 4.35), Responsibility to Consumer (mean = 4.34), and Anti-corruption (mean = 4.20) respectively. Those with High levels are Respect of Human Rights (mean = 4.20), Environmental Management (mean = 4.11), Good Corporate Governance (mean = 4.07), Innovativeness and Openness (mean = 4.03), and Social and Community Development (mean = 3.67) respectively.

On the correlations entrepreneur-wise variables with CSR-in-process practices, Gender is found to be correlated with Good Corporate Governance, Age with Social and Community Development, Educational Attainment with Environmental Management, and Job Position with Good Corporate Governance at statistically significant level of .05. On the correlations organizational variables with CSR-in-process practices, Type of Business is found to be correlated with Fair Business Operations, Anti-corruption, and Respect of Human Rights; Registered Capital with Good Corporate Governance at statistically significant level of .05; while Years of Operation and Annual Turnover are not correlated with all areas of CSR-in-process practices at statistically significant level of .05.

The type of CSR-after-process practice carried out most or regularly is religious activity. Less mentioned are social and community assistance. Religious ethics and practices based on

CSR-Sufficiency Economy Model are found to be applied in the respondents' business operations making their businesses uniquely Thai.

Thai SMEs recognize the importance and the advantages of CSR-in-process practices, but face problems and obstacles concerning lack of good understanding of CSR approaches, lack of definitive policy on CSR, and restrictive amount of budget and time making it difficult to achieve definitive outcomes. It is recommended that government agencies and educational institutions should play a role in assisting Thai SMEs by providing CSR knowledge and training continually in order to enable them to understand and learn the concepts and approaches of CSR-in-process practices. Most SMEs are found to implement some CSR-relevant practices embedded in their business operation either in-process or after-process without realizing as such. Opportunities are present for Thai SMEs to implement CSR-in-process practices because they are small with simple structure. The management could easily communicate and establish cordial relationship with employees and the surrounding community, as well as to take leadership in CSR-in-process practices of the organization immediately. This is an advantage in making their organization CSR-ready.

Key words: Corporate Social Responsibility, SMEs, CSR-in-process practices, CSR-after-process

1. Introduction

1.1 Background of the study

Currently business competition is very intense and constantly increasing as a consequence of globalization and world economic growth. For a business to succeed it has to continually learn and make organizational development to cope with changing social, economic and environmental situations and to adjust itself to meet any potential economic crisis. Not only small business needs to do this, any large business with strong history of growth and progress also has to undertake adjustment to ensure its survival. One of the approaches to help business survive and become sustainable is Corporate Social Responsibility (CSR) practices. The approach refers to practices of business reflecting the fundamental responsibility of business to the economy, the society, and the environment. These include responsibility for the quality of its product or service, responsibility for reasonable wages, benefits and safety of employees, responsibility for damages to nature and the environment from production of goods and services. Such socially responsible practices of the business would enable it to meet the demands of stakeholders and the society.

The success of a business is not limited to financial performance and the satisfaction of management, shareholders or employees, but extends to how it responds to social expectations. At present social forces have exerted crucial pressures on business operations affecting future growth and progress of the business. In developed countries, business enterprises response to this by making CSR a strategic issue in conducting their businesses. In Thailand, CSR is still a relatively new concept with low level of understanding on the issues involved particularly among small and medium enterprises (SMEs). This could be due to the lack of awareness of its importance or insufficient understanding of the concept and approach coupled with the lack of budget, manpower and other resources required to put the practices into action.

As mentioned above CSR is an important and essential issue for business to examine and look for a way to incorporate CSR approach into its business policy for actual implementation. In this study, the researcher intends to investigate entrepreneur-wise and organizational characteristics of Thai SMEs and their CSR-in-process practices. It is expected that the findings would be indicative of the need for changes in business operation to include CSR-in-process practices in preparation for the international competitive pressure based on CSR, and to call for the development of CSR approach for Thai society be adopted by Thai businesses conducting business domestically or internationally as a concrete way to demonstrate genuinely their social responsibility within their own country and to their trade partners.

1.2 Objectives of the Study

- 1) To survey the level of CSR-in-process practices of Thai SMEs.
- 2) To investigate the extent of relationships between these CSR-in-process practices and major organizational and entrepreneur-wise characteristics of the SMEs.
- 3) To examine the types of practices reflecting corporate social responsibility (CSR) of Thai SMEs.

1.3 Scope of the Study

The Study is limited to Thai SMEs that participated in the CSR training provided by the University of the Thai Chamber of Commerce numbering 85 cases.

2. Literature Review

From the various sources in the literature, Corporate Social Responsibility (CSR) can be defined as the ethical operation of business taking into account the benefits of community and society simultaneously with the economic gains through practices directly and indirectly related to the organization in accordance with stated policy with the purpose of being socially acceptable, obtaining increased competitiveness and favorable image for a true long-run sustainability of the business, society and the environment.

The concept of Triple Bottom Line taking into account three aspects of operational performance, namely social-people, environment-planet and economic-profit, is consistent with the CSR approach of practices covering three aspects of profit, society and the environment (Elkington, 1998; Brown, Dillard & Marshall, 2006).

Kotler & Lee, 2005 pointed out three types of CSR processes as follows:

1. CSR-in-process refers to activities undertaken for the society that are within the main operation of the business.
2. CSR-after-process refers to activities undertaken for the society that are not within the main operation of the business.
3. CSR-as-process refers to activities undertaken for the society without taking any profit in all the operational process of the business/organization.

2.1 CSR-in-process practices can be grouped into 9 areas. They are:

1. Good Corporate Governance refers to the existence of credible management system being transparent, accountable, and fair to all stakeholders.

2. Fair Business Operations refer to being ethical in dealing with other businesses, governmental agencies, and all others stakeholders.

3. Anti-corruption refers to actions indicating disapproval of the mischievous use of obtained authority or resources for own benefits or causing damages to others.

4. Respect of Human Rights refers to taking into account livelihood of one another, taking care of one another's happiness, and helping one another when faced with unpleasant events.

5. Fair Labor Relations refer to treating employees with respect and in accordance with labor law and ethical code.

6. Responsibility to Consumer refers to act of being responsible in the product/service quality, provision of user information, product offering, and product being safe to the user, society, and the environment.

7. Social and Community Development refers to the involvement and participation in social and community development activities to strengthen and revitalize social, cultural and environmental richness.

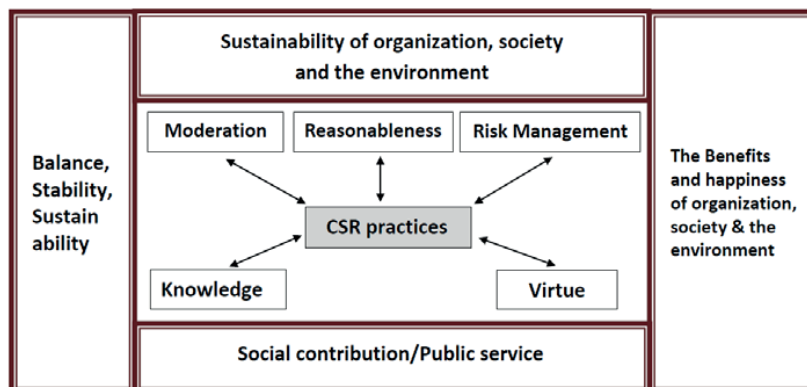
8. Environmental Management refers to conducting business without harmful effects on the environment, including the protection and restoration of the depleted environment back to original state.

9. Innovativeness and Openness refers to the introduction and adoption of new concepts, new approaches of working and production as a consequence of implementing CSR-in-process practices.

2.2 CSR - Sufficiency Economy Model

The practitioners of CSR - Sufficiency Economy model would apply the philosophy of Sufficiency Economy in their decision making to ensure their practices being socially responsible within limited available resources on the assumption of not harming ourselves as well as others or not taking full advantage of the resources without consideration of adverse effects on society, environments and culture. In addition, they would encourage formation of the learning process, self-sufficiency, caring and sharing, being dependable, and effective utilization of resources appreciably and qualitatively toward sustainable development in all aspects namely economic, social, and environmental accomplishment. The key of CSR-Sufficiency Economy model is the integration of all stakeholders in order to obtain support of resources which they have or possess in the form of either material, equipment, labor, or knowledge; and the fostering of love in all stakeholders consistently for the happy co-existent as shown in Figure 1 below. (Viriyapan, 2010).

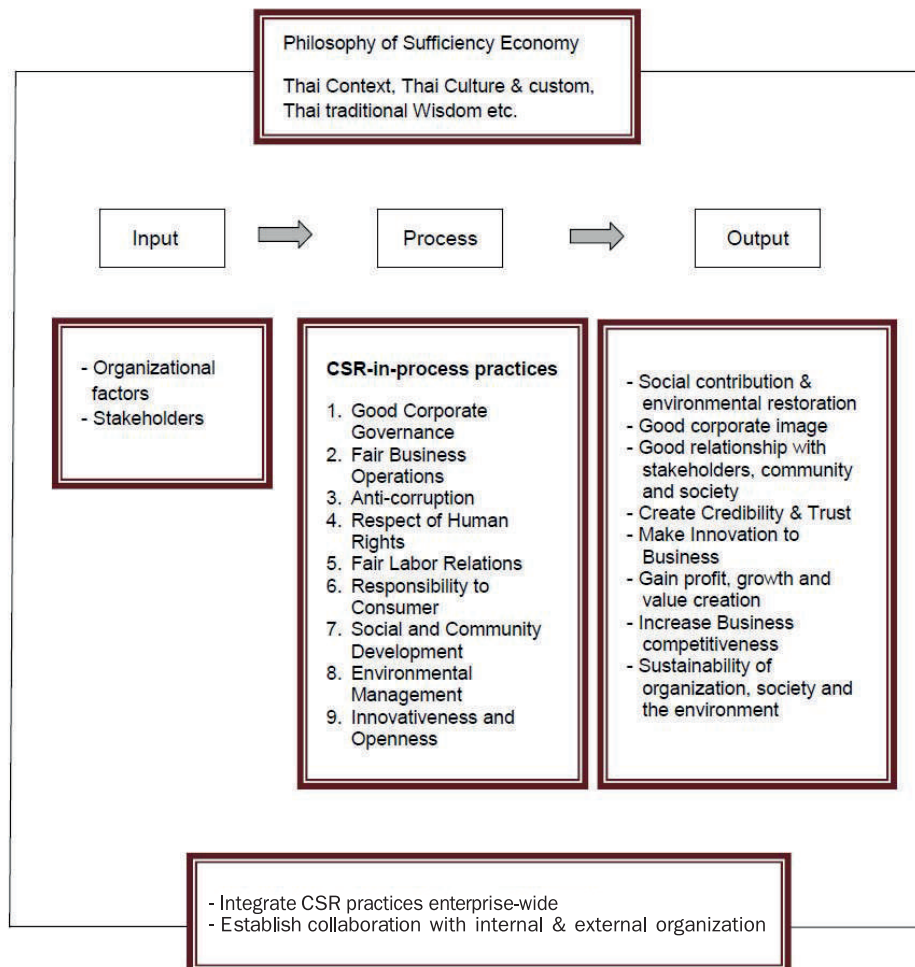
Figure 1 CSR - Sufficiency Economy Model, Viriyapan : 2010



2.3 CSR - in - process practices in line with Philosophy of Sufficiency Economy

To conduct business with social responsibility by applying the Philosophy of Sufficiency Economy would require a systemic approach to ensure that all practices starting from input, to process, and output stages of production would contribute to sustainability resulting in sustainable development of the organization able to cope with potential challenges of globalization. Such organizations would focus on in-process practices integrating the overall operation to attain balance, stability and sustainability of the business based on the principles of moderation, , reasonableness and risk management (self-immunity) to potential changes for all stakeholders built upon accumulated knowledge and virtue as supporting foundation for careful and honest deeds giving priority to public benefits over private gains. Such approach would enable all stakeholders to self-sufficiency in the long-run and capable of being relied upon by others in the future. They would be both receivers and givers. This would be beneficial to the stakeholders, society, and the environments, living together happily. The end result would be happiness for oneself, organization, society, and the environments as shown in Figure 2 below. (Viriyapan, 2011)

Figure 2 CSR - in-process practices in line with Philosophy of Sufficiency Economy, Viriyapan: 2011



2.4 Related Researches

Vasu-Aree, Chanrat (2009) investigated the perception of employees of Amphol Food Processing Co., Ltd. on international Social Responsibility standard of ISO 26000. The findings showed the perception of the employee on the applicability of the ISO standard at High level especially in the consumer area. The company was capable of implementing practices required by the standard namely: observing relevant laws and regulations, introduction of fairness in its culture, and non discrimination in line with the principle of good corporate governance; respect of employees' rights, allowing them to express their opinion freely, and providing communication channel for feedbacks from stakeholders in line with human rights principle; fair practices related to labor relations, the environment, and business operations; consumer issues; and social development. Such perception was found to be not different among groups of different length of employment, while different between groups of different genders, marital status, educational attainment, job positions, and training.

Ruengsak, Phetcharat (2010) examined the Social Responsibility of small and medium-sized enterprises (SMEs) in industrial sector of Nakhon Srithammarat Province and found perception of Social Responsibility to be at High level on the areas of consumer issues, corporate governance, the environment, social development, fair business operations, and human rights and to be at Medium level on labor relations. Most activities indicative of social responsibility were related to cultural and religious areas. Less mentioned activities were charitable donations for disaster relief or the poor, recreation for improvement of employee's quality of life, and reforestation campaign. Enterprises in different types of industries were found to have different levels of perception of Social Responsibility on the areas of corporate governance. and practices indicative of Social Responsibility by the SMEs were correlated with their organizational characteristics at statistically significant level of 0.05.

Chansom, Nada (2012) in "Business and Sufficiency Economy" stated that because of the intensely increasing internal and external risks facing a business organization, business decision making based on Sufficiency-Economy philosophy relying on the three-prong principles of moderation, rationality, and immunity against unforeseen risk would extend its scope beyond short-term economic performance to consideration of other relevant stakeholders. To do this the management of the enterprise including all of its members has to change their frames of thought coherently in agreement of the approach and thus driving the organization to attain "sustainability" for the business.

McDowell (1997) stated in her book that certain problems in the developing countries such as insufficient infrastructure (lack of good telecommunication system) had impeded access to information and lessened entrepreneurial opportunity. The inconsistent law enforcement, governmental regulations and red-tapes, and uncurbed corruption were the causes of slow development of entrepreneurship in developing countries. These are also apparent in the case of Thailand whose problems include the shortfall of financial resource either from personal savings or those of family members coupled with the lack of innovative financial instruments to support newly established enterprises limiting their growth.

Kraus et al (2005) stated that major characteristics of small businesses, both supportive and disruptive of strategic planning included work environment, type of business, and specific characters of business owner-entrepreneur. Problems of planning and managerial environment for small businesses might come from limited resources of both time and tools, limited technical knowledge and know-how, focusing on one market or one

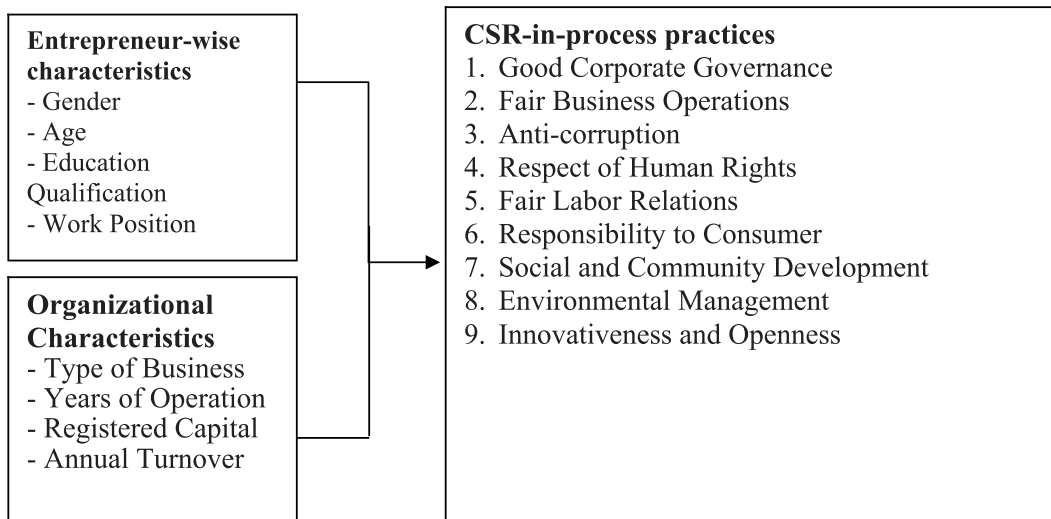
product, and capacity of entrepreneur to handle huge orders. On the other hand, these small businesses enjoyed certain positive advantages such as closeness to customers, extensive knowledge of market, owners' full authority over several aspects of the business including the initiation of change in work processes, development of brand identity, provision of motivation for the employees, and implementation of formulated plan.

Güler Aras & David Crowther (2009) in a survey of European countries in 2000 on activities of organizations in assistance of external communities found business organizations of all sizes to participate most in sporting activities (at 28 percent), followed by cultural activities (19 percent), health and social welfare (19 percent), environmental conservation (7 percent), education and training (5 percent), and public or political participation in the name of the organization (5 percent). The survey also found positive correlation between size of organization and participation in social activities; proportion of medium-sized businesses participated in social activities was highest at 70 percent, next was small-sized at 65 percent and micro ones at 48 percent.

3. Conceptual Framework

The independent variables are entrepreneur-wise and organizational characteristics of the sampled enterprises, while the dependent variables are the perception levels of CSR-in-process practices as shown in Figure 3 below.

Figure 3 Conceptual Framework



4. Hypotheses

1. Entrepreneur-wise characteristics of Thai SMEs are correlated with the perception level of CSR-in-process practices.
2. Organizational characteristics of Thai SMEs are correlated with the perception level of CSR-in-process practices.

5. Methodology

The subjects of this study were the entire population being 85 cases of Thai SMEs having participated in the training on CSR at the University of the Thai Chamber of Commerce. Questionnaires were distributed to all 85 respondents and returned completely (100 percent).

The instruments for collection of data were the carefully developed questionnaire consisting of 3 parts:

Part 1 covers entrepreneur-wise characteristics of gender, age, education qualification, job position and organizational characteristics of type of business, years of operation, registered capital (Baht), and approximate annual turnover (Baht).

Part 2 examines the perceptions of respondents on CSR-in-process practices in 9 different areas using rating scales to measure the level of perception. Each area is measured by 3 items of CSR practices making a total of 27 items. Reliability of the items was tested to give Alpha value of .963. The rating scale is based on Likert scale of 5 levels. The variables are computed as interval scale to find the Weighted Mean Score to be used as criteria of interpretation of the level of perceptions of respondents on CSR-in-process practices.

Part 3 asks for the opinions of the owner/entrepreneur on nature of CSR-after-process practices implemented, problems/obstacles encountered in implementation of Social Responsibility activities, and needs for support in this respect.

Data were analyzed for statistical outputs of frequencies, percentages, standard deviations, and correlations between independent variables and dependent variables using Chi-square test and Spearman rank correlation coefficient for statistical significant level of .05.

6. Results

6.1 Characteristics of Respondents

The majority of the respondents are female (54.1 percent) rather than male (45.9 percent), with age in the range of 31-40 years old (36.5 percent), education attainment of above bachelor degree (50.6 percent), and holding position of manager/managing director (58.8 percent). A few are owners (9 respondents) and employees (7 respondents). Of the 85 enterprises the largest group is from the wholesale/retail sector (36.5 percent) followed by production and sale (29.4 percent), service (21.2 percent), and others (12.9 percent). The mode for years of operation is 1-5 years (28.2 percent), with registered capital of less than or equal to 1,000,000 Baht (4.0 percent). The mode for annual turnover is 1,000,001-10,000,000 Baht (25.9 percent).

6.2 CSR-in-process practices of the respondents

Table 1 Perception Levels of CSR-in-process practices

(n = 85)

No.	Perception Levels of CSR-in-process practices	Mean	SD	Level
1.	Good Corporate Governance	4.07	.675	High
1.1	Financial statements prepared in accordance with recognized accounting standards	3.71	1.089	High

No.	Perception Levels of CSR-in-process practices	Mean	SD	Level
1.2	Conducting business ethically	4.26	.789	Highest
1.3	Honest and providing factual information to creditors/stakeholders	4.25	.653	Highest
2.	Fair Business Operations	4.35	.658	Highest
2.1	Conducting business responsibly and carefully, accepting mistakes and promptly rectify them with consistent follow-ups.	4.33	.697	Highest
2.2	Avoiding involvement in illegal use of intellectual property	4.29	.857	Highest
2.3	Not propagandizing or giving distorted information for own benefits	4.42	.777	Highest
3.	Anti-corruption	4.29	.722	Highest
3.1	Adopting policy against all types of bribery	4.21	.965	Highest
3.2	Instilling consciousness and watchful monitoring to prevent dishonest practices.	4.42	.746	Highest
3.3	Employee training to foster honesty	4.22	.993	Highest
4.	Respect of Human Rights	4.20	.726	High
4.1	Accepting international principles of human rights, non-violation, non-discrimination.	4.42	.679	Highest
4.2	Respecting rights of free expression, political affiliation, employment	4.39	.656	Highest
4.3	In support of hiring the disables, youths, and senior citizens	3.79	1.206	High
5.	Fair Labor Relations	4.42	.606	Highest
5.1	Adopting policy of non-discrimination based on religion, political inclination, etc.	4.44	.747	Highest
5.2	Fair remuneration and pay system	4.41	.642	Highest
5.3	Providing capacity improvement program for employee's learning and advancement.	4.40	.658	Highest
6.	Responsibility to Consumers	4.34	.582	Highest
6.1	Providing full, accurate, easily understood product/service information.	4.44	.645	Highest
6.2	Producing goods/services meeting acceptable health and safety standards such as Food and Drug, Industrial, ISO, etc.	4.27	.730	Highest
6.3	Product/service not harmful to the environment.	4.32	.727	Highest
7.	Community and Social Development	3.67	1.163	High
7.1	Taking care of community and its members, allowing them to be involved in giving information or getting advices, etc.	3.59	1.284	High
7.2	Promoting community members to be self-reliant supporting sustainability socially, economically and environmentally.	3.61	1.245	High
7.3	Forming alliance with public and private organizations for coordination of efficient utilization of limited resources.	3.80	1.142	High
8.	Environmental Management	4.11	.922	High
8.1	Top management being model of environmental management	3.94	1.106	High
8.2	Improving production efficiency to utilize resources fully and appreciably of their value.	4.12	.931	High
8.3	Encouraging employees at all levels to use resources economically and without waste.	4.26	.888	Highest
9.	Innovativeness and Openness to Society	4.03	.950	High
9.1	Fostering of openness as an organization value and culture and creating opportunities for innovativeness of people involved.	4.18	.862	High

No.	Perception Levels of CSR-in-process practices	Mean	SD	Level
9.2	Development of new concepts and knowledge to add value to the business by allowing involvement of both internal and external people.	4.08	.991	High
9.3	Dissemination of innovations arising of CSR activities to the public.	3.82	1.274	High

From Table 1, the perception levels of the sample group on CSR-in-process practices are at High to Highest levels for the nine areas. The top Highest level is Fair Labor Practices (mean = 4.42), followed by Good Corporate Governance (mean = 4.35), Responsibility to Consumer (mean = 4.34), Anti-corruption (mean = 4.29). The top High level is Respect of Human Rights (mean = 4.20), followed by Environmental Management (mean = 4.11), Good Corporate Governance (mean = 4.07), innovativeness and openness (mean = 4.03), and Social and Community Development (mean = 3.67).

The top practice for each of the nine areas of CSR-in-process practices is as follows:

- 1) Good Corporate Governance is Conducting business ethically (mean = 4.20).
- 2) Fair Business Operations is Not propagandizing or giving distorted information for own benefits (mean = 4.42).
- 3) Anti-corruption is Instilling consciousness and watchful monitoring to prevent dishonest practices (mean = 4.42).
- 4) Respect of Human Rights is Accepting international principles of human rights, non-violation, non-discrimination (mean = 4.42).
- 5) Fair Labor Relations is Adopting policy of non-discrimination based on religion, political inclination, etc. (mean = 4.44).
- 6) Responsibility to Consumers is Providing full, accurate, easily understood product/service information (mean = 4.44).
- 7) Social and Community Development is Forming alliance with public and private organizations for coordination of efficient utilization of limited resources (mean = 3.80).
- 8) Environmental Management is Encouraging employees at all levels to use resources economically (mean = 4.26).
- 9) Innovativeness and Openness is Fostering of openness as an organization value and culture and creating opportunities for innovativeness of people involved (mean = 4.18).

6.3 Correlations between Entrepreneur-wise and Organizational Characteristics with Perception Levels of CSR-in-process practices.

Hypothesis testing of correlations between Entrepreneur-wise Characteristics and dependent variables using Chi-square and Spearman Rank Correlation Coefficient at statistically significant level of .05 found Gender to be correlated with Good Corporate Governance, Age with Social and Community Development, Education Attainment with Fair Business Operations, and Job Position with Fair Business Operations at statistically significant level of .05 as shown in Table 2 below.

Table 2 Correlations between Entrepreneur-wise Characteristics and Perception Level of CSR-in-process practices.

(n=85)

CSR-in-process Practices	Gender		Age		Education		Job Position	
	χ^2	p	r	p	χ^2	p	χ^2	p
1. Good Corporate Governance	11.35	.003*	.037	.737	2.94	.568	6.28	.179
2. Fair Business Operations	3.74	.291	-.059	.590	4.43	.618	12.96	.044*
3. Anti-corruption	4.50	.106	.077	.486	.241	.993	3.02	.554
4. Respect of Human Rights	3.03	.387	-.101	.357	5.51	.481	2.813	.832
5. Fair Labor Relations	3.14	.208	-.145	.185	2.86	.582	1.42	.840
6. Responsibility to Consumers	.851	.653	.008	.942	3.42	.491	3.03	.553
7. Social And Community Development	4.23	.375	.237	.029*	6.12	.634	9.47	.304
8. Environmental Management	4.38	.357	.172	.116	19.83	.011*	9.71	.286
9. Innovativeness and Openness	3.21	.523	.073	.505	11.34	.183	2.95	.815

χ^2 = Chi-square

r = Correlation Coefficient

* p < .05 = significant level of .05

Similarly hypothesis testing for organizational characteristic variables, Type of Business is found to be correlated with Fair Business Operations, Anti-corruption, and Respect of Human Rights; while Registered Capital is correlated with Good Corporate Governance at statistically significant level of .05. Years of Operation and Annual Turnover are found not to be correlated with any of the areas of CSR-in-process practices at statistically significant level of .05 as shown in Table 3 below.

Table 3 Correlations between Organization Characteristics Variables with Perception Levels of CSR-in-Process Practices.

(n=85)

CSR-in-process Practices	Type of Business		Years in Operation		Registered Capital		Annual Turnover	
	χ^2	p	r	p	r	p	r	p
1. Good Corporate Governance	5.75	.452	.170	1.37	.267	.609*	.160	.272
2. Fair Business Operations	18.67	.028*	.030	.792	-.055	.675	-.183	.208
3. Anti-corruption	12.88	.045*	-.076	.510	.133	.313	-.061	.679
4. Respect of Human Rights	19.19	.024*	-.020	.862	.201	.123	.154	.291
5. Fair Labor Relations	6.40	.380	.002	.983	.186	.156	.062	.671
6. Responsibility to Consumers	7.71	.260	.038	.738	.150	.252	.114	.436
7. Social And Community Development	5.41	.943	.079	.490	.041	.755	.016	.912
8. Environmental Management	14.43	.274	.105	.360	.242	.063	-.022	.880
9. Innovativeness and Openness	15.88	.197	.092	.423	.249	.055	.217	.135

χ^2 = Chi-square

r = Correlation Coefficient

* p < .05 = significant level of .05

6.4 CSR-after-process Practices

The activity performed most as part of CSR-after-process practices is Donation of money/goods to the poor, disables, senior citizens (81.2 percent) followed by participation in religious events (76.5 percent), and relief aids for natural disaster (64.7 percent) respectively. The less performed activities are neighborhood community involvement activity (42.2 percent), reforestation (37.6 percent), occupational training free of charge (37.6 percent), and rural development program (34.1 percent). Participation in religious events is the most regularly performed activity of the CSR-after-process practices (69.2 percent), while rural development program is noted as infrequently performed (46.9 percent). The content analysis of data on the activities in accordance with the CSR-Sufficiency Economy Model found 75.3 percent of the sample group or 64 cases to confirm the existence of such activities. Most of these are in the form of improving the knowledge of people and the disadvantage in the nearby communities or at distant locations such as teaching English to female inmates in prison, occupational training for people in rugged area, joining volunteer groups or associations, etc.

6.5 Problems in implementing CSR-in-process practices

The problem mentioned most by the 85 respondents is that Owner/Manager does not have explicit policy on Social Responsibility (34.1 percent), followed by Lack of knowledge or understanding of proper CSR concepts (30.6 percent), SMEs facing several constraints in implementing CSR practices such as limited budget, relying on financial gain as principal objective, etc. (11.8 percent), Lack of incentive measures from government or related organizations (10.6 percent), Disinterested employees leading to lack of cooperation from them (5.9 percent), CSR activity being a waste because it require spending of money (3.5 percent), and Owner/Manager not communicating well with organization-wide employees (3.5 percent).

6.6 Supportive assistance requested from government agencies and educational institutions

Analysis of the data from the 85 respondents on supportive assistance they would like to get from government agencies and educational institutions. Those requested from the government include: Increased public CSR-information publicizing continually to reach targeted enterprises extensively, Setting supportive policy and activities for CSR practices to be adopted tangibly, Forming cooperative public-private network for CSR including educational institutions, Providing training on development of professional skills of entrepreneurs in applying CSR principles to business organizations both internally and externally, Holding diverse and interesting informative programs on CSR approaches for SMEs and the general public, Giving honorable award to exceptional SMEs in CSR implementation as an indicator of social recognition and commendable example, financial support in CSR activities, and Providing government policies and measures inductive to CSR practices for business enterprises and other organizations. For educational institutions, their requests for support include: Organize training sessions on CSR principles continually and covering the whole country, Integrate CSR principles into educational curricula in order to educate students to be socially and environmentally responsible, and Conduct research of additional knowledge on CSR continually and extending the findings for actual practices in business.

7. Conclusion and Discussion

The finding for perception levels of SMEs on CSR-in-process practices to be High to Highest is consistent with current business management approach of owners and managers who recognize the importance of Social Responsibility and also consistent with the findings of Besser, Terry L. and Nancy (2001), Lertsukulcharoen (2004), Suksree (2005), and Ruengsak (2010) that executives of most organization indicate their agreement with CSR approaches at High level. Hongvoranant (2012) found benefits of CSR-in-process practices implementation to include: increased organization image, increased motivation among employees for organization development, gaining customer satisfaction and loyalty, reducing operating costs, reduced business risk, and lessening government regulatory requirements on the organization. In addition to benefits in the form of image, reputation, and market position, SMEs adopting CSR-in-process practices could also reduce operating costs and increase competitive advantage (European Commission, 2007; Jenkins, 2009; Morsing & Perrinin, 2009; UNIDO, 2002).

For the nine areas of CSR perceptions, Fair Labor Relations receives the highest score. This could be the consequence of requirements being put on all business and other organizations on international standards, especially on labor relations. One of these standards is the Standard for Corporate Social Responsibility: ISO 26000. The existence of specific standard by ISO for social responsibility is indicative of importance of CSR in business management. Enterprises without explicit policy and practices on CSR would not be accepted or increasingly less respected. Adoption of CSR standard could provide direct benefit to the business even though it is not a required quality standard such as ISO 9001:2000 or environmental management standard such as ISO 14001:2004. It is a highly recommended standard (Thailand Industrial Standard Office, 2009). The finding is inconsistent with opinion of most organization that still consider economic gains as the main purpose of business by making profit from provision of goods and services to the consumers. It is noted that business executives in the past did not take into account any other issues beside financial responsibility (Bovee, Thill, Wood and Dovel, 1993).

For the two areas receiving relatively lower perception levels of Innovativeness and Openness, and Social and Community Development; innovations for SMEs are of rare occurrence as stated by McDowell (1997) that developing countries often faced the problem of insufficient resources limiting their opportunity for development of entrepreneurship and innovativeness. Thechtakerng (2009) also found that owners of small businesses focused on secured income for current demand and did not consider innovation while those of large enterprises had greater incentives to become successful and capable of handling greater risks, thus more inclined to innovation and change.

In the area of Social and Community Development, the relatively lower score of perception is consistent with the finding of Aras & Crowther (2009) from a survey of business enterprises in European countries in 2000 on activities related to social involvement or social assistance that most business organizations of all sizes participated in activities related to environmental, public or social causes relatively less frequent than others.

According to the results, it may be noted that Thai SMEs had engaged in CSR-in-process practices in conducting their businesses, integrating Thai traditional wisdom and Sufficiency Economy principles of moderation, reasonableness and risk management (self-immunity) relying on underlying knowledge and virtue. This is consistent with the CSR-

Sufficiency Economy model and CSR-in-process practices in line with Philosophy of Sufficiency Economy which suggesting that organizations need to apply Philosophy of Sufficiency Economy as a decision tool in conducting their socially responsible practices within the limits of available resources not overreaching themselves nor taking advantage of others without consideration of adverse social, environmental, and cultural consequences. They would also foster the learning process of self- sufficiency, caring and sharing, being dependable, and productive use of resources for sustainable development in all aspects whether it be economic, social, and environmental. The key to CSR-Sufficiency Economy model and CSR-in-process practices in line with Philosophy of Sufficiency Economy is to efficiently and effectively implement socially responsible practices in moderation not creating burdensome expenses or lowering net worth of the business, but focusing on practices that would foster strength, balance, stability and sustainability for stakeholders, society, and the environment. This is because the CSR practices are based on moderation, reasonableness and risk management (self-immunity) against internal and external changes utilizing intrinsic knowledge and virtue as solid support enabling a happy co-existence of stakeholders for sustainability of all parties including society and the environments. Another essential part is the involvement and cooperation of all parties for supportive contribution of their resources in the form of either materials, equipment, labor, and informative knowledge as well as conveyance of love to one another consistently to form an allied drive for dissemination of the CSR-Sufficiency Economy model. By supporting one another in whatever way one can, the combined effort would exhibit their integrative cooperation for the success of the network imparting the awareness of economic, social and environmental responsibility of all members of the society. This would be a good approach to stimulate social involvement fostering love, unity, caring, and sharing in Thai society continually to achieve the expected outcome of balance, stability, sustainability, happiness, utility/value and strength of the society, community, the environments, the nation. Every person in the society would be able to rely on oneself sustainably and be relied upon by others consequently upgrading the quality of life for the general public, bettering economic and social systems, improving livelihood, enhancing the quality of natural resource and environmental management, as well as providing an opportunity to instill public-mindedness and volunteerism giving importance to public causes over private benefits. The fostering of cooperative development by all parties would engender friendliness among one another advancing the community and bringing happiness to the society because every person would want to be a civil citizen of the nation, a respectable member of the society. This would instill the sense of being Thai by maintaining the values of **“Strife for Unity, Help and Support, Care and Share”** for Thai society far into the future. This would lead to a business management approach uniquely Thai, consistent with characteristics of Thai people, its culture, and its social settings. Besides making the enterprise Social Responsible, the practices of this approach would become parts of daily life of employees through fostering of their public and social involvement consciousness as embedded in the philosophy, values, and culture of the organization. Such an approach would be called **Conducting Business Social Responsibility the Thai Way** (Viriyapan, 2010 & 2011; Chansom, 2012).

This study finding of the correlation between entrepreneur-wise characteristics of gender, age, education attainment, and job position and dependent variable of CSR-in-process practices in the area of Good Corporate Governance is inconsistent with that of Niwatcharoenchakul (2003) indicating no correlation between gender, age, marital status, job position, and income of respondents and type of activity and approach in promotion of social-responsible activities. However, there are no differences in the perception levels of CSR-in-process practices with respect to entrepreneur-wise variables. The differences in

CSR approaches could be observed for different cultures in various areas (Jenkins, 2009). On the correlation between type of business and CSR-in-process practices, Yodpruetikarn (2010) also found that CSR implementation by large enterprises and SMEs had different emphasis and types of activities due to differences in awareness and development of CSR. On the other hand, Suksree's (2005) study showed that enterprises of different registered capital, years in operation, and number of employees did not put significantly different importance to CSR activities.

On the finding that the most frequent activity reflecting Social Responsibility of SMEs is religious activities such as giving merits/alms or Tod-Kathin, followed by social and community involvement through charitable contribution of money or goods for the disadvantage, this is consistent with Ruengsak (2010) finding that most of SMEs activities taken as Social Responsibility was religious activities on religious-significant dates and contribution of money and goods for disaster relief, and also in line with Lertsukulcharoen's (2004) study pointing out that social activities of most large business enterprises was in the form of donation of goods and money at charity events. These are activities unrelated to the main business process and could be called Responsive-CSR. They are often undertaken to ease the negative image or problem of the business or as reaction to disasters called for by social pressure without truly alleviating social problems (Khlaywichien, 2009; Harncherngchai, 2001).

The problems of limited financial resource, time and manpower in performing CSR activities by Thai SMEs also confirm the finding of Lertsukulcharoen (2004) and Suramas (2010) that larger size of investments would influence the suitability of adopting CSR practices. The European Commission (2007) and UNIDO (2002) also pointed out that SMEs were restricted by size, capital, time and other resources causing the CSR activities performed by SMEs to be small and low cost with obscure impact. On the problem of insufficient knowledge and understanding of CSR approach, these SMEs have already engaged in activities considered Socially Responsible in some of their practices without realizing as such (Castka et al., 2004).

Nevertheless being of small size, SMEs could utilize their flexibility to adjust to the changing situations rapidly and be more advantageous than large ones with respect to close relationship with surrounding communities and immediate action at the command of owners/managers. Therefore, given serious and mindful attitude toward Social Responsibility together with careful evaluation of ability to operate business with full responsibility to the society, SMEs could start with CSR practices in their business operation processes and extend them to activities after the processes to become CSR-credible ultimately.

8. Limitations

There are some limitations on this research as follows:

1. Time limitation has restricted the ability to gather data, only a limited number of respondents were collected.
2. The size of the sample is relatively small, further investigation should be undertaken by studies covering larger samples.

9. Recommendations

Based on research results, it is recommended that Thai SMEs looking for implementing socially responsible practices based on Philosophy of Sufficiency Economy should take into account their available resources, operational capability and social and environmental impacts of the chosen CSR-in-process practices which should be simple, appropriate, uncomplicated and cost-efficient. They should not focus on the budgeted amount. The following recommendations are provided for analysis and planning of business operations with social responsibility:

1. Educational institutions and government agencies should provide training on CSR-in-process practices and approaches for SMEs continually and extensively. The study results show major problems and obstacles to be the lack of knowledge and understanding of CSR practices causing the owners/managers unable to set policy and plan in this respect.

2. SMEs should give serious consideration to set up a plan for CSR-in-process activities applying Philosophy of Sufficiency Economy consistent with available financial and human resources, allocating them according to capability in order to produce reasonable amount of value-added and qualitative enhancement to the organization, society and the environment. This is based on the finding that size of registered capital of enterprise is correlated with implementation of socially responsible practices.

3. SMEs should engage in development of novel goods/services into valuable innovations and disseminate them as an approach to build own strengths and increase competitive advantages over competitors. This would provide self-immunity against potential changes in the market place caused by liberally free trade. It would encourage the use of Thai wisdom, stimulating employees to utilize their knowledge and capabilities to create innovative goods and services leading to the improvement of competitiveness and sustainable growth of the organization in parallel with the advancement of the society. From the study Thai SMEs currently are relatively inactive in the area of innovation nor are they publicizing their innovative practices in social responsibility while it is noted that innovation of goods and services is the key to competitiveness.

4. SMEs should form into groups for the conduct of social activities more frequently, especially for dissemination of historical and cultural values as well as local wisdoms. Public and private organizations and people living nearby should be encouraged to form networks for public welfare activities. The study has found a low level of rural development activities in the neighborhood of SMEs that might be the consequence of limited budget. Multi-parties cooperation would resolve such constraint and would facilitate exchange of views and approaches in conducting CSR practices truly serving the needs of all stakeholders including society and the environment more exclusively.

10. Recommendations for Further Study

1. Further studies on CSR-in-process practices of Thai SMEs should be extended to variously different sets of samples in order to inform on approaches for the promotion and development of SMEs in improving their CSR-in-process practices.

2. Study of the SMEs implementing practices applying Philosophy of Sufficiency Economy on the outcome of their CSR-in-process practices with respect to value-added and value creation to the organizations in order to inform on offering incentives to Thai SMEs to implement CSR practices tangibly.

3. Investigation of SMEs implementing practices applying Philosophy of Sufficiency Economy as a means for the development of indicators for CSR performance levels of SMEs appropriately and consistently with the circumstances of SMEs.

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