

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY  
ON FIRM PERFORMANCE: EMPIRICAL STUDY  
OF THAI PUBLIC LISTED COMPANIES**

**Pisut Mongkolkachit**

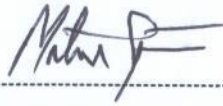
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Fulfillment of the Requirements for the Degree of  
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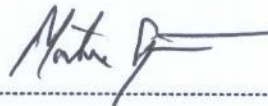
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## ABSTRACT

<b>Title of Dissertation</b>	The Impact of Corporate Social Responsibility on Firm Performance: Empirical Study of Thai Public Listed Companies
<b>Author</b>	Mr. Pisut Mongkolkachit
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There exists a large research on whether Corporate Social Responsibility (CSR) has any impact on firm performance, which the empirical researches produced mixed results. Since the CSR practices are maturing, constantly proceeding, developing, and gradually evolving, therefore it is necessary to discuss the current updated information. To broaden the result, this particular study used Thai Public Listed Companies (PLCs) in the Stock Exchange of Thailand (SET) as a main sample, and takes an opportunity of applying both quantitative and qualitative research approaches to produce a specific dataset in order to weigh the imperfection of each and to grasp the full extent of practicable results. A quantitative method was used to gather sufficient data from structured questionnaire survey and existing database, PLCs' financial annual report for the year 2010-2013. To answer the research questions, five hypotheses were formulated based on relevant theories and previous studies, and analyzed the data by Structural Equation Modeling (SEM) technique. A qualitative research method employed semi-structured interviews with high-level managers from various industries in order to get closer to the subjects' perspective, particularly in emerging research areas.

In aggregate, the results conclude that CSR has no positive impact on firm performance. However, firms cannot produce long-term profit if they have poor relations with their stakeholders, in contrary, firms cannot serve all their needs and remain profitable. From business viewpoint, firms' financially performance should be

healthy and they should have adequate resources in engaging CSR, or else firms would confront financial distress and economic inefficiency. Therefore, questions and unanswered problems remain concerning the firms' CSR involvement: should a firm participate in CSR activities that have not been appreciated by shareholders and that do not generate shareholder wealth maximization? Moreover, do firms with high profits contribute their shares to society, or is it that CSR or society itself produces higher returns for firms?

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Pisut Mongkolkachit

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# **CHAPTER 1**

## **INTRODUCTION**

The subject of corporate social responsibility (CSR) has been one of the most dispute and extensive debates over the last decades, especially in the business management world. Corporates take very much notice of integrating CSR practices into their core strategy according to firm stakeholders' determinations and expectations. In the past, academic researchers and business scholars have examined the impact of social responsibility on firm performance using different approaches and methodologies; however, empirical research has yielded mixed results and they have been far from decisive. With contradictory evidence regarding CSR, arguments remain concerning whether CSR practice enhances firm performance. Conceivably, the key characteristic of CSR at present might be displaced in different ways relying on the enthusiasm of the gradual evolution and transition of CSR. In order to update the evidence, therefore, it is essential to reexamine recent statistics and data on the impact of CSR on firm performance.

### **1.1 Background and Rationale**

Corporate social responsibility implementation is not a newly disputed topic. Throughout the past decade, the interest in CSR practices grew comprehensively and was broadly considered as one of the focal attentions both in the academic scholar as well as in the modern business management. Historically, different definitions of CSR have been signified at different periods. For instance, Bowen (1953) defined CSR as a businessmen's promise to fulfill the objectives and social dimensions of value. In 1977, Carroll defined social responsibility in terms of corporations encompassing profitable, regulatory, moral, and social expectations at a given point in time. However, one of the most appropriate definitions was proposed by the Commission of the European Communities in 2001, which defined CSR as a concept

by which firms integrate societal and environmental concerns into their core strategy and in their collaboration with their stakeholders on a voluntary social efforts basis. Overall, it can be concluded that CSR is the firm's commitment to the ethical and non-commercial responsibilities of business by making a generous contribution to the firms' stakeholders (customers, employees, investors, communities) desire, meanwhile, improving the economic efficiencies involved and acting in accordance with legal regulations and law requirements.

At present, attention has been focused on businesses having an implicit social contract with modern society and firms' stakeholders, where their preferences are changing. Clearly, modern consumers demand greater societal obligation from firms because they believe that they give firms the right to utilize the necessary resources in the manufacturing process, which provide considerable advantages and abundant benefits to firms. Therefore, they expect firms to demonstrate their true morality and commitment societal expectations apart from producing their preferred given brands. Likewise, employees are willing to work with the firms that concern for their human resources, and business partners or competitors are becoming more conscious of fair trade practices. Significantly, investors have become more pronounced and are inclined to put their valuable money into firms with prominent prestige. From their standpoint, a socially-responsible firm will be served as vehicles for a better social environment and that the firm will eventually benefit from the increased ability to attract and impress the firm's stakeholders which will lead to the firm's productivity and achievement in return. In general, the benefit of CSR practices can be recognized, such as, developing customer engagement and trust, attracting a high-quality staff and retaining an engaged staff which will lead to a reduction in the cost of turnover on recruiting and training. In addition, it can also improve a business profile and brand identity which will generate a business advantage over industry rivals, minimize an uncertain risk of negative social and negative environmental externalities, and bring about increased productivity. Therefore, it can be seen that CSR has visibly evolved from an obscure concept to a potential management tool that CEOs and managers can utilize to gain a business advantage.

However, the spreading failure of the governmental capability to solve or alleviate collective social problems, in general, has seemed to result from the

interchange of political institutions and cultural structures with economic institutions. Because of this the private sectors have been forced to step in and increasingly become more pronounced as a “solver” to undertake society’s expectations and, accordingly, deliver wider societal value. As Smith (2003) stated, the failure of government to solve society’s problems has led to an urgent request for the corporation sector to deal with such problems. The private sectors, particularly large corporations, are eventually provoked to react positively to the challenge of CSR and are increasingly using CSR as a business ideology in order to undertake the move toward greater social responsible and ethical than we have seen in the past decade. Nevertheless, it should be apparent that improving the appropriate CSR strategy noticeably integrates firms’ core mission, competencies, values and objectives concerning the enhancement of society’s wellbeing and a good quality of life. This is relevant to the quote of Phil Watts, Royal Dutch/Shell Group’s managing director, “CSR is not a cosmetic, it must be rooted in our values and it must make a difference to the way we do our business” (WBCSD, 2001: 7). Consequently, CSR practices should be related to firms’ core value, core competency, objectives and also be part of an organizational management activity to devote and deliver the values of firms’ responsibilities to firms’ stakeholders and society at large. Moreover, firms may get involved in CSR practices disparately depending on their culture and norms, characteristic, the size of the industry, and the stakeholders’ demands. Some firms concentrate only on affected areas to their firms and others concentrate more on the total areas of their business. Apparently, some academic researchers and business scholars have recognized that firms producing individual customers’ goods or services are more likely to generate financial gains from CSR actions than firms that produce industry use’s goods or services. Further, quite a few scholars and researchers have upheld the notion that firms can no longer be recognized wholly as private organizations but as social institutions forced to use their power responsibly, and most public firms recently want to be seen to be engaged. Ultimately, firms should understand the essence of CSR and CSR engagement so that they can integrate all of its aspects into their businesses, their business model, and their business virtues related to the ethicality of organizational actions or decision making with respect to shareholders and the pursuit of firms’ stakeholders.

The historical events of how CSR practices have been introduced in Thailand is not apparent; however, there are actually passionate foundations of social obligation there, whether be called CSR, in traditional Buddhist doctrines. The generally teaching guided that believers should be concerned for the needy and their society by offering and merit making through philanthropy, charity donation, sharing, or volunteering on community service. From business point of view, model of CSR came from the efforts of multinational firms to pressure Thai firms to concern the pursuit of society's welfare and take part in social responsibilities. Multinational firms proposed to initiate the knowledge of CSR concepts and adapted into Thai culture and context to Thai corporations. Intentionally, they made an effort to encourage both Thai public and private sector in CSR implementation. Since then, the Thai governments have established CSR implementation into public policies, procedures, rules and regulations, and guidelines and norms in order to alleviate social dilemmas and to provide social services and interests for a higher quality of living standards at large. In terms of Thai private enterprise, an amount of firms have motivated the development of CSR standard. In particular, the Stock Exchange of Thailand (SET) has organized the CSR Institute (CSRI) to encourage CSR involvement involving both listed and unpublicized Thai firms. One of the definite circumstances is to motivate the listed firms, which are a key driving force, to manage and strengthen the best interest of firms' stakeholders and the country's economic efficiency over a longer period of time. In addition, listed firms should be transparent and responsible for any of their activities that affect human beings, the communities nearby, and environmental concerns in general. In the recent decade, CSR involvement has compelled many listed firms to more closely observe their social action efforts and there has been pressure from numerous stock market indices to estimate the firms' values according to CSR involvement and standards. Nevertheless, there is no indication regarding the driving force of the listed firms, but in terms of following global standards and being classified at an equivalent rate with other global outstanding firms globally, CSR is the answer.

Evidently, large corporations in Thailand recognize CSR activities as the foundation and significant concept by setting up responsible activity. Thus, this concept can be used as a business philosophy and basic principle to concentrate on the

enhancement of stakeholders and society at large. However, as discussed, different firms have a variety of characteristic of industry, the quality of understanding, and the perception of the firm's shareholders and key stakeholders regarding CSR practices and their intention. Therefore, it is of vital importance to integrate CSR strategy within the business, society, and public context of Thailand.

## **1.2 Statement of the Problems**

Even though socially conscience firms can gain the advantage from CSR implementation but adopting CSR practices will certainly produce additional costs. These added costs might bring in the management frameworks alteration, the change of data or software equipment, the establishment of environmental protection action plans and environmental protection tool, the expenditure on public relations, or the contribution of extensive philanthropic support. It can obviously be seen that the additional costs are occurring instantly but the business benefits are not often obtained immediately and as a consequence it might create an economic drawback and financial distress for firms, during economic downturn in particular, compared to other less socially-responsible firms. Additionally, it is time-consuming to be recognized as a qualified socially responsible firm and to assume wider responsibilities in the social arena in accordance with firms' investments over a finite time horizon. Since "doing-good" for society requires extra costs, firm should gain long-term profitability as well in order to have more secured investment and cash flows or growth income. It is apparent that firms cannot continue CSR practice or solve the social ills that constantly damage a firm's profitability and economic efficiency. Therefore, if business executives attempt to follow the CSR trends, they need to concentrate on their businesses' financial situation before involving in CSR activities. However, different business executives have different perspectives in dealing with their firm's stakeholders' determinations. One may focus prime concern on proper use of shareholder investments, while the other may emphasize on favor their firm's stakeholders' aspirations.

The impact of CSR on firm performance is not a newly analyzed or a topic of concern, but the results are still ambiguous. While scholars and researchers from

different schools of thought debate overflow at the theoretical level, previous empirical research used different techniques and methodologies and they produced conflicting results, that is to say, positive, negative, and inconsequential. Moreover, the real business management world dilemma runs parallel with academics' and scholars' interest in CSR stakeholder discourse theory and models. With these contradictory results in mind, it is complicating and far from decisive whether or not CSR practices enhanced firm and financial performance. As the decade progressed, CSR practices are maturing, proceeding, and developing gradually. Thus, it is essential to examine the current reflection of the impact of CSR on firm performance, especially the present evolution status of Thai Public Listed Companies (PLCs) on CSR practices. Methodically, the other aspects should by chance be consistent and firm, as well as the firm's cash flow volatility and overall financial health should be assessed before and after participating in CSR activities.

### **1.3 Research Objectives**

The matter of CSR practice was taken up with enthusiasm by the SET in order to stimulate CSR involvement and to improve the sustainability of CSR activity over a long period of time. As a consequence, Thai PLCs gradually become involved in CSR programs either directly or indirectly. Thus, this study will conduct a large scope of empirical study to investigate the impact of CSR on firm performance by concentrating on the CSR fundamentals and proceedings of Thai PLCs. Additionally, competitive advantage and corporate reputation will be applied as mediators in order to examine whether they are associated with firm performance and to evaluate the arguments concerning CSR practices. Moreover, this study also has specific objectives as follows:

- 1) To examine the concept and principle of CSR practice.
- 2) To explore CSR in the Thai perspective's business viewpoint.
- 3) To investigate the key factors that affects the CSR involvement.
- 4) To investigate the effects of CSR practice on firm's financial performance.
- 5) To extend the active role of public enterprise in stimulating CSR practice.



## 1.4 Research Questions

As previously stated, this study investigates the impact of CSR on firm performance. In order to respond to the issue, the key research questions are as follows:

- RQ1. What are the main driving forces behind CSR efforts?
- RQ2. How does firm participate in CSR activity?
- RQ3. What are the linkages among firm and stakeholder?
- RQ4. What are the impacts of CSR on firm performance?

## 1.5 Research Scope

The focal point of this research is on performance of Thai Public Listed Companies (PLCs) in the Stock Exchange of Thailand (SET). The choice of Thai PLCs in the SET is based on their accessibility and the availability of analyzable data.

## 1.6 Definition of Terms

**Corporate Social Responsibility** can be defined as a concept by which firms integrate societal and environmental concerns into their core strategy and in their collaboration with their stakeholders on a voluntary social efforts basis (The Commission of the European Communities, 2001).

**Firm Performance** can be defined as a type of organizational effectiveness indicator and as a subjective scale of performance that associates with efficient or effective business operational and financial outcomes. It comprises the actual output or results of corporate outcomes in order to manage its performance that matches its intended outputs, goals, objectives and functional strategies. It is also a significant construct in imperative management research and is frequently used as a dependent variable. According to Richard et al. (2009: 722), firm performance is one of the most important constructs in management research, which firm performance involves three specific areas of firm outcomes: 1) financial performance (profit margin, return on investment, stock price, etc.); 2) product market performance (sales revenue, sales

growth, market shares, etc.); and 3) shareholder return (total stock return, capital gain, dividend, economic value added, etc.).

**A Public Listed Company** is a public firm aiming to raise funds and capital for expansion or future projects by selling a portion of its stocks to all investors via an Initial Public Offering (IPO). The investors or buyers then become shareholders, who ultimately have the right to own and be part of the firm's assets and profits. Shareholders, if they wish, can freely trade the stocks on a stock exchange or in an over-the-counter market. In the meantime, PLCs are required by law to disclose and report the information and accounts that are relevant to the financial performance of firms to the public and shareholders. Nevertheless, some firms choose to remain private in order to avoid information that would be useful to competitors.

**Stock Exchange of Thailand (SET):** Regarding the Second National Economic and Social Development Plan (1967-1971), the proposal and orderly securities market to mobilize funds to support Thailand's capital market and economic development were established. Regardless of the well-intended foundation, the market was not fully successful due to a lack of official government support and the lack of understanding on the part of investors regarding the equity market. Later in 1974, the development plan for the success of Thailand's capital market was established and had been operated fairly free. SET's rules are to serve as a market or center to undertake appropriate facilities and procedures for the trading of listed securities. In addition, its mandate is to promote financial planning related to the securities exchange and encourages general investors to become shareholders in a variety of local industries. As of 31 January, 2015, the SET had 584 PLCs with a combined market capitalization of 15,030 billion Baht or 460 billion USD. (Stock Exchange of Thailand, 2013).

## 1.7 Organization of the Research

This study will be focused on the impact of CSR on firm performance, divided the text into six chapters as follows:

Chapter 1 provides an introduction of the research, which will describe background and rationale, statement of problems, research objectives, research questions, research scope, and the definition of terms.

Chapter 2 includes a review of previous literature, which presents the timeline, definitions the concept of CSR, the review and discussion of related theories, relevant empirical studies and conceptual framework. Moreover, this chapter also presents the linkage of those constructs to formulate some related hypotheses for testing.

Chapter 3 provides the research paradigm, research design, unit of analysis, populations, sample size, sampling methods, operational definition, measurement, data collection methods and instruments, and data analysis method. In addition, the development and verification of survey instrument by testing validity and reliability also explain.

Chapter 4 provides the results of the statistical analysis from the analytical procedures discussed in Chapter 3.

Chapter 5 provides the results of mixed-method approach with regard to balance the drawbacks of quantitative and qualitative research. By interviewing, it presented deeper knowledge of the perceptions of high-level managers mainly on the impact of CSR actions on firm and financial performance.

Chapter 6 concludes the finding results of the study, recommendations, limitations, and future research.

#### Conclusion

Chapter 1 introduced the research topic: The Impact of Corporate Social Responsibility on Firm Performance: Empirical Study of Thai Public Listed Companies, and presented the fundamentals in order to investigate the study. In the next chapter, an inclusive literature review of the related subjects will be examined that will lead through the methodological and analytical procedures in Chapter 3, 4 and 5. Final discussions, conclusions, and implications for further research are presented in Chapter 6.

## **CHAPTER 2**

### **LITERATURE REVIEWS**

This chapter provides an overview of the literature on corporate social responsibility, synthesizes the role of CSR enhancing society benefits, and presents some of the key debates in this area. This overview will provide a basis for future research and will contribute a framework for focused research questions. Some of this literature is published in academic journals, documents, publications, corporate reports, dissertations, and internet articles, which will broaden the scope of the problem under the study. As Krippendorff (1989) expressed, the literature review that applied the content analysis technique can make reproducible valid assumptions from texts on the context of their use. In the first step, this chapter reviews the definition and understanding the concept of CSR. Subsequently, the theoretical framework and an overview of related research will be discussed, and finally conceptual a framework and research hypotheses will be constructed.

#### **2.1 Defining the Concept of CSR**

Throughout the past several decades, the definition and concept of CSR have greatly transformed and changed through the theme of business affairs. Therefore, by enlarging the knowledge about this study, this section will begin with an introduction to the pivotal historical elements that have influenced the general concept of CSR as it is known today. Following the theoretical framework, a discussion of CSR in Thailand and an overview of related research on CSR will lead to constructing the conceptual framework.

##### **2.1.1 History and Evolution of CSR**

Traditionally, CSR has been defined in terms of philanthropic or charitable giving to the needy and to social causes in the arena of ethics. Despite numerous

efforts to bring about a clear understanding of the meaning of CSR, different scholars and researchers in different periods of times have framed different views of CSR. Since then the concept of CSR has been constantly developed and evolved by many institutes, academics and scholars to represent a dimension of CSR, and become the concept it is today. Historically, Berle and Means, Harvard University professors in 1932, initiated the concept of CSR by upholding the rights of shareholders through a legal and economic lens. From the beginning of the 1950s through the 1960s, businesspersons were only concerned with the prerequisite of achieving financial prosperity for the firm's proprietors or investors towards successful business. Until 1953, an American economist, Howard R. Bowen, who can be names as "Father of CSR" (Carroll, 1977: 270), initiated the modern period of the literature on CSR. He stated in his book, 'Social Responsibilities of the Businessmen', that the basic foundations of the fundamental values of businessmen towards society were to operate their businesses regarding societal satisfactions and behave as ethical agents within the community to fulfill the desire of society at large. It would seem plausible to say that his book was especially related to the philosophy and principles of social responsibility, and he suggested that businesses should consider the social implications of their decisions. Thus, this concept could be examined in the same way as the primary fundamental of CSR principles which were refined in later years.

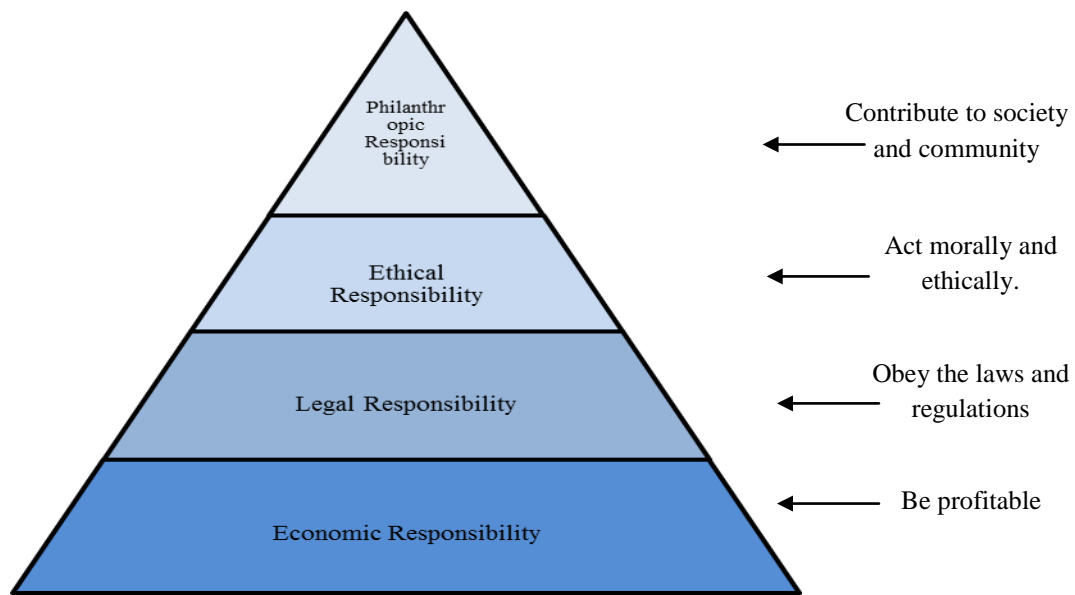
#### 1) CSR through the 1960s

Following Bowen's fundamental concept of CSR, quite a few remarkable academics and scholars, such as Joseph W. McGuire (1964) and William C. Frederick (1960), entirely agreed that firms were expected to be concerned with the nearby community regarding the economic interests of the firms. Nevertheless, there were some prominent scholars within the neoclassical economics tradition that were against the role of the firm's social responsibility. Milton Friedman, a pure positivist and Noble Prize-winning economist, criticized such a concept and indicated that "there is one and only one social responsibility of business—to use it resources and engage in activities designed to increase profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970: 6). A proponent of the shareholder approach, he demonstrated that the primary role of manager role was only to secure the continuing profitability

for shareholders and to follow the fair game in the free market economic system with insignificant interference from political institutions. Put simply, a manager that did not produce a financial gain would be inevitably out of the job. As a matter of fact, society would benefit in the form of good quality and reasonably-priced products that people could afford. Moreover, business already fulfilled their philanthropy by contributing to society in the form of taxation which government was then used to help and improve the community or to fund public services. According to him, solving social ills was actually the duty of the government to alleviate; therefore, the corporation was an economic institution and thus should specialize in the economic arena.

## 2) CSR through the 1970s

The interest in CSR activities increased swiftly along with numerous researchers and scholars, such as Johnson (1970); Eilbert and Parker (1973); and Ackerman and Bauer (1979). For instance, Davis (1973: 12) proposed that in the pursuit of traditional economic gains, firms must make an effort on the external social system to accomplish and promote social welfare. However, the most renowned definition and concept in this decade was Archie Carroll's CSR notion. Carroll (1979), a business management professor at the University of Georgia created the CSR pyramid to explain the main areas that a business's obligations to its stakeholders where many CSR neophytes and theorists started. The basis of CSR pyramid (Figure 2.1) displayed the four layered pyramid model of firm's responsibility, the primarily and most obvious was to conduct an economic, which was in nature, as profitable as possible. Meanwhile, the firm was expected to operate its business practices within the framework of legal and law requirements or rules of the games fundamental. The firm, afterwards, was required to act ethically and morally by dealing with righteous and equitable matters that were harmless to all of the firm's stakeholders expectations. Eventually, firm was expected to give back to society, such as charitable donations, a contribution of time and skill, and to be carriers to a better world at any given moment. However, the last two responsibilities were not required by law. Yet, Carroll still considered that the firm's profitability and legal responsibility were required to be the most foremost condition before fulfilling its responsibility in sequential ethical and philanthropic responsibilities.



**Figure 2.1** Carroll's CSR Pyramid

**Source:** Carroll, 1991.

The pyramid remains highly relevant and has been regularly cited, debated, modified, and criticized by academia, corporate leaders, and politicians and social commentators. The significance of pyramid was that it provided a fundamental framework by which any firm could not only comprehend the essential propositions of being a socially-responsible firms, but ultimately proposed the practices to achieve each step of the pyramid with the definite goal of climbing to the summit.

### 3) CSR through the 1980s

In the traditional view, Friedman pointed out that the sole commitment of a firm was to generate maximized profit as much as it could for shareholders and the sole proprietor, but this idea, in 1980, was outdated. Some researchers and scholars from another school of thoughts were developing tools to evaluate the CSR principle with the understanding that firms had an obligation to use their power responsibly that went beyond their legal requirements in order to address societal needs. However, the most notable scholar was Edward R. Freeman, an American philosopher and professor at the University of Minnesota and the Wharton School, who originally worked on stakeholder theory and was later credited as the “Father of the Stakeholder Theory”. His book, *Strategic Management: A Stakeholder Approach*

(Freeman, 1984), addressed and generated as much moral and value as possible for the significance of firms' stakeholders sake (financiers, investors, suppliers, competitors, trade associations, trade unions, employees, customers, communities, political groups, and governments). That is to say, stakeholders, who were affected or could be affected by firms' activities, needed to be properly managed and effectively integrated into the firms' core business, objectives, and operational activities. Different schools of thoughts and dissenters on CSR between Friedman's free market concept and Freeman's socially-oriented approach gained much attention and made many arguments during this decade. However, his stakeholder theory succeeded in becoming famous not only in the business ethics fields but also was widely cited as the foundation of the stakeholder theory and the driving force for stakeholder value, and was used as one of the frameworks for CSR methods. For the investigation and interpretation of this study, Freeman's stakeholder theory is considered a useful theory in order to explore accurate results.

#### 4) CSR through the 1990s

As discussed above, Freeman's stakeholder theory can be viewed as socio-economic system where business had a contractual obligation towards society and where stakeholders had a powerful impact on firms and their operational activities. Since then, dramatic changes have taken place in the area of the academic and business management world, as CSR has arisen to become much more considerable and has been applied as a business management tool. Large firms, such as Nike, Starbucks, Shell, and Citibank, continued to take on board CSR practices in their missions and values. However, some of these firms were skeptical regarding the sincerity or nature of some of their practices only in the sense that they ought to do as others; otherwise they would fall behind or they would be left at a competitive disadvantage. In 1992, Business for Social Responsibility (BSR), a non-profit organization, expressed the knowledge and expertise of strong CSR to businesses in order to economically succeed, as it would respect ethical values, people, communities, and the environment. Later, Woodward-Clyde (1999) rectified that CSR was a social contract wherein society allowed a firm to undertake or carry out a business activity and the firm was expected to make substantial contributions to society in return. Moreover, Carroll (1999: 292) also proposed that businesses should



comply with stakeholders' expectations since stakeholders were a crucial pillar that supported the businesses' productivity and prosperity at the end of the day.

#### 5) CSR through the 2000s

In this period with the prior peaks of interest in CSR, CSR had increasingly become a talked-about topic with the enthusiasm of business to integrate the ethical and non-commercial responsibilities of business in production process and a wider society. For instance, the World Business Council for Sustainable Development (WBCSD), a coalition of international corporations, indicated in 2001 that business should be continuously committed to enhancing profitability and productivity while improving the workforce and families' quality of life, local communities as well as the public and society at large. In addition, the Commission of the European Communities in July 2001 had put CSR at a higher priority and presented the Green Paper on CSR, which modified the definition of CSR to be one of the most complete definitions as a concept by which firms encompassed a broad range of integrating societal and environmental concerns into their core strategy and in their collaboration with their stakeholders on a voluntary social-efforts basis. The concept was focused more on integrating and operating the core business in a socially-responsible way in order to lead to sustainable success. In the later part of 2001, the International Organization for Standardization (ISO) formed an inspectorate and committee for the development of the standards of social responsibilities and a Multi-Stakeholder Conference in 2004 was attended by global representatives. Delegates from more than 50 countries and 33 organizations involving the United Nations, the International Labor Organization, public and private organizations, and all stakeholder groups (ISO 26000, 2006) attended to create a higher standard for socially-responsible voluntary business actions. ISO 26000 (Figure 2.2) then was set to be the guidelines, but not as a formal management system standard, for businesses and other organizations to implement affirmative action in a responsible and sustainable manner. Additionally, it was aimed to enhance common understanding of CSR principles and encouraged businesses and organizations to contribute their social responsibility beyond legal compliance.



**Figure 2.2** ISO 26000: Guidance on Social Responsibility

**Source:** ISO 26000, 2006.

Consequently, ISO 26000 contained many details and a wide range of CSR principles for firms in different interests, countries, organizations in the private, public, and nonprofit sectors, and sizes of the organizations to apply CSR practices to their own business model. However, as the ISO 26000 working group from about eighty countries admitted, the lack of the homogeneous cognizance of social responsibility concerns and the exceedingly variable implementation of socially-responsible actions across countries and businesses significantly affected the developmental process of the international standard of ISO 26000. Moreover, some firms, smaller corporations in particular, had insufficient resources to invest in social actions and it looked as if it was only practical for large corporations to exhibit more CSR activities.

Later in 2007, the International Institute for Sustainable Development stated that CSR could benefit from triple bottom line investment (a firm's economic, environmental, and social impact) when firms delivered CSR practices as summarized in Table 2.1. If CSR practices were managed systematically and strategically, it would eventually lead to an all-inclusive of return of investment for all key stakeholder (shareholders, investors, suppliers, competitors, employees, customers, communities, society, and the general public) and eventually would lead them towards a sustainable future.

**Table 2.1** CSR Benefits...Triple Bottom Line Investment to 360 Degree ROI

<b>Firm benefits</b>	<b>Community and Society benefits</b>	<b>Environmental benefits</b>
1. Enhanced financial health.	1. Beneficent contributions lead to reduction on poverty rate and homeless problems.	1. Substantial usage of recycled materials and renewable energy.
2. Lessened operating costs.	2. Improving standard of education.	2. Reduced the demand for natural resources.
3. Boosted up brand image and reputation, brand differentiation.	3. Restricted on child labor.	3. Improved product durability, pragmatically and practically.
4. Expanded sales and customer faithfulness.	4. Employed more disabilities lead to reduction on unemployment rate.	4. Increased adoption of innovative technology and environmental management standards.
5. Product safety and quality.	5. Product safety and quality.	
6. Teamwork spirit, retained qualified staff, and reduced a discontented workforce.		
7. Diminished regulatory mistake.		
8. Opportunity to access the capital.		
9. Productivity and efficiency.		
↓		
<b>360 degree Return of Investment</b>		
<b>Principal Stakeholders</b>		
Shareholders		
Investors		
Competitors		
Suppliers		
Employees		
Customers		
Communities		
Society		
General Public		

**Source:** Adapted from International Institute for Sustainable Development, 2007.

### 6) CSR at Present

The changes in social awareness due to global warming, deforestation, international terrorism, and global business have broadly altered the prominence of CSR. A strategic approach to CSR implementation is increasingly important to the business which the firms become more proactive in CSR practices and are willing to justify their actions. For instance, many industries have addressed the environmental protection concerns and are largely considered on changing their pathway towards a low carbon emission or some firms are putting the ethical and non-commercial responsibilities of business as an execution mechanism to guide firms in integrating economic, social, and environmental imperatives. Thus, CSR has not been recognized as a corporate philanthropic activity, a public relation tool, or a supplementary activity but in a manner of an integrated, comprehensive, and sustainable method of business operations into overall stakeholder engagement. The emerging trends point out that businesses have to develop a clear synergy effort between business values and ethical regarding the economic performance, the enhancement of a wider society and the environmental impact. This is similar to Porter and Kramer (2006) who stated that CSR has appeared as an unavoidable prime concern for business executives in every nation. Recently, the United Nations has deliberately focused on CSR development and implementation for 5,100 members in 130 countries in the global business agenda (United Nations, 2009). They have made a straightforward commitment and an international voluntary initiative to sharing the strong belief that business practices based on universal principles contribute to a more stable, impartial, and inclusive global market and help build prosperous and thriving societies. By encouraging members to support and enact a set of core values, the United Nations introduced a principle-based framework for businesses called the Ten Principles of UN Global Compact: UNGC (as seen in Table 2.2). These principles attempted to stimulate members worldwide to adopt sustainable and socially-responsible policies which covered the areas of civil liberties, labor norms, the environment, and anti-bribery. Consequently, global research and evaluation of participation were conducted in partnership between firms and the United Nations; moreover, these principles encouraged and approached a wider range of socially- responsible to society and the environment and also establishing the businesses' long-term succeed in the meantime.

However, some critics indicated the faults of this UNGC that some corporations may use this UNGC as their own public relations tool.

**Table 2.2** The Ten Principles of UN Global Compact

Substantive Area	Principle
<b>Human Rights</b>	1. Corporations should maintain and concern the safeguard of both local and global human rights.
	2. Corporations should not complicit in human rights mistreatments.
<b>Labor Standards</b>	3. Corporations should support the identification of employment.
	4. Corporations should eliminate all forms of forced on child labor.
	5. Association or Union should have the right and freedom to speak out.
	6. The discrimination in employment should be eliminated.
<b>Environment</b>	7. Corporations should engage in supporting and promoting the environmental preservation programs.
	8. Corporations should explore the modernized environmental technologies.
<b>Anti-Corruption</b>	9. Corporations should work against corruption through force, threats, or bribery.
	10. Corporations should operate business activities with good governance.

**Source:** Adapted from the United Nations, 2009.

Until now, corporations and stakeholders seemed to more likely to expand their interrelations due to the growth of pressure from indefinite stakeholders' demands and expectations. More or less, large organizations become transparent and accountable according to the use of regulatory instruments that relate to society in

general. Overall, firms are obliged to take all reasonable steps to bring positive outcomes to the firms and to minimize any negative or harmful effects to any of their stakeholders, the environment, or economic impacts in all operations and activities. Finally, the scope of various CSR definitions from different periods was presented in the table below.

**Table 2.3** Definition of CSR

<b>Authors (year)</b>	<b>Definitions</b>
Bowen (1953: 6)	The obligations of firms to operate at the society's satisfaction and firms behave as an ethical agent within community.
Frederick (1960: 60)	Businessmen should operate the economic system that fulfills the expectations of total public's and stakeholders' welfare.
McGuire (1964: 144)	Social responsibilities supposes to concern social betterment and legal obligations over the economic efficiencies of the firm.
Friedman (1970: 133)	There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.
Johnson (1970: 54)	Social responsibility states that businesses carry out social programs to add financial benefit to their organization.
Davis (1973: 70)	Corporation responses to the consideration of engaging in achieve voluntary social efforts beyond legal requirements.
Sethi (1975: 11)	The scope of managerial responsibility is not limited but specifically defined in terms of primary and secondary involvement areas.
Carroll (1979: 500)	The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time.

**Table 2.3** (Continued)

<b>Authors (year)</b>	<b>Definitions</b>
Jones (1980: 59)	An obligation to constituent groups and society other than stockholders and beyond that prescribed by law and union contract (p.59).
Freeman (1984: 38)	By taking the interests of all the firm's stakeholders into account, the firm could achieve better performance than by simply focusing on shareholder interests.
Frederick (1986: 4)	The fundamental idea of corporate social responsibility is that business corporations have an obligation to build and work for a better society.
Epstein (1987: 104)	Achieving outcomes from organizational decisions concerning specific issues which have beneficial rather than adverse effects on pertinent corporate stakeholders.
Wood (1991: 695)	Individual managers have the duty to make ethical decisions and perform standard ethical practices in order to address societal needs and best serve society.
Hopskins (1998: 3)	Treating both firms' internal and external stakeholders standard ethical practices or in a socially responsible manner will enhance the higher human development of firms' stakeholders.
Woodward-Clyde (1999: 24)	Society/community commits a social contract with business corporations wherein society/community grants a firm a license to operate, and as a societal obligations, business makes additional contributions to the well-being of society in an acceptable manner.
Commission of the European Communities (2001: 6)	A concept by which firms integrate societal and environmental concerns into their core strategy and in their collaboration with their stakeholders on a voluntary social efforts basis.

**Table 2.3** (Continued)

<b>Authors (year)</b>	<b>Definitions</b>
World Business Council for Sustainable Development (2001: 8)	The continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.
McWilliams and Siegel (2001:117)	Actions that appear to further some social good, beyond the interests of the firm and that which is required by law.
Moon (2002: 2)	An essentially contested concept by virtue of its appraisal, open and internally complex nature.
Crane and Matten (2004: 5)	CSR may depend on individual perceptions of responsibility/obligation that in turn addresses the broader topic of the role of the organization in society.
Vogel (2005: 20)	Practices that improve the workforce and benefit society in ways that transcend and beyond what businesses are legally required to do.
Becker-Olsen et al. (2006: 49)	A set of practices that form a part of good management or business practices, much of it is about transparency and disclosure.
Windsor (2006: 93)	Any concept concerning how managers should adopt public policy and social issues that contribute to the welfare of society.
Corporate Watch (2008: 3)	The principle that firms can and should make a positive contribution to society from donating to charity to performing standard ethical practices.

### **2.1.2 The Category of CSR**

In the past century, CSR principles were in the form of direct philanthropic activities and corporate giving, either with or without any intention to gain an advantage. Later, in 2008, Kotler and Lee identified six broad categories of CSR



initiatives that were rooted in CSR's origin as philanthropy and corporate giving as follows:

#### 1) Cause Promotions

This CSR initiative can be differentiated from philanthropy or donating money to support a good cause in that it is focused on participating in activities or events by providing funds, in-kind contributions (money, time, expertise, and other corporate resources), awarding scholarships, and knowledge to extend recognition of and concern for a particular social cause. This action is not directly tied to the sales of the corporation's products or services.

#### 2) Cause-Related Marketing

This is closely related to cause promotion, where firms initiate a marketing campaign by making a donation to a specific good cause. The donation comes from dedicating a specific percentage of money for each marked package product or service sold during a pre-determined time frame, profit sharing from a certain product or service, or promotional support for charity. Additionally, firms can also support annual or period-of-time fundraising by encouraging customers to contribute to social causes. Kellogg, for example, planted a tree each time a box of Kellogg's Cornflakes was sold in order to guard against deforestation and the extinction of animals.

#### 3) Corporate Social Marketing

This initiative of CSR tends to influence and promote individual behavioral change of local society to improve public health, safety, and the environment or community well-being. By supporting and implementing the behavioral change programs in a sustained manner, firms can make the contribution by providing money, time, knowledge, talent and the equipment of the firm. Safeco Insurance, for instance, funds "Fire Free" campaigns teaching consumers to create noncombustible zones around their home to protect against wildfires.

#### 4) Corporate Philanthropy

This initiative of CSR is one of the most common forms of CSR and a major source of support for society's well-being, community health, and environmental protection. It involves providing cash donations of substantial amounts of money, products or services of the firm, and in-kind services, in order to support a specific good cause or charity that affects them.

### 5) Community Volunteering

This initiative of CSR is quite different from others, as it only involves employees and business partners or suppliers to voluntarily donate their expertise, physical labor, and time to engage in different activities for some charitable cause within the nearby communities. As a matter of fact, a firm does not donate any money but its employees and business partners or suppliers who donate their time, money, and skill to causes. The firm directly involves in social responsibility by offering the employees paid time off to participate in volunteer work or charity and provides the information needed for specific causes to both employees and business partners or suppliers, and additionally allows the use of facilities and the distribution of channels.

### 6) Socially-Responsible Business Practices

This initiative of CSR involves social commitment and all of the firm's stakeholders from enhancing productivity to improving the enhancement of society, the workforce's quality of life and the environment. Similar to Carroll's CSR pyramid, this initiative indicates the firm's responsibility to deal with competitors and suppliers in fair trade, the improvement of employees and the community's well-being, and helps to protect the environment as well.

Consequently, Kotler and Lee's CSR category is a very broad concept, which is characterized by American firms' commitment and is related to the historical roots of the concept as philanthropy and corporate giving. However, firms need to have a strong financial base to enhance the firm's performance before placing the commitment to support social causes or CSR practices.

## **2.1.3 Benefits of CSR**

There are various direct business benefits from CSR practices that have been discussed and supported by a number of researchers and scholars from economic and social perspectives as follows:

- 1) Firm that have a strong sense of social and ethical responsibility obtain a better image and reputation for both the firms and brand identity. This advantage results in the customer's satisfaction and goodwill by gaining better impressions which customers will probably switch brands if the price and quality are

similar. This advantage would result in customer fidelity, which in turn would lead to the firm's productivity and financial gain.

2) Improving workforce well-being and fair practices, such as promoting gender equality, reducing child labor, or workplace conditions would result in the workforce's greater quality of life, productivity, and faithful employees, which then would attract and retain more qualified, productive, and skilled employees. Ultimately, if employees have a positive attitude towards firms it will eventually reduce labor turnover and associated recruitment and training costs.

3) Creating more values and competitive advantages over industry rivals by influencing customers', suppliers', or trading partners' responses to the firm's offering. Since these benefits are associated with stakeholders' satisfaction, this is a driving force for firms to invest in CSR. Stakeholders' cognizance of CSR will generate their fidelity, which will result in pre-empting any efforts over the industry rivals.

4) By being champions of responsive and ethical firms, firms will be able to increase the firm's revenue by differentiating their products and services from their industry competitors in the marketplace. Industry rivals, who are unethical or that act irresponsibly, may be pressured to engage in exercising CSR of which socially-responsible firms are already one step ahead.

5) Reducing costs on energy and operating costs, such as less packaging.

6) Providing easier access to investment and funding opportunities as investors are more likely to invest in a reputable business that has a strong customer base, which in turn will lower capital constraints and open new business opportunities to firms.

7) Generating positive press coverage and media opportunities that will be useful in getting news coverage on a favorable public image from word-of-mouth marketing as another form of advertising.

Ultimately, firms that have the capacity or willingness to improve their ethical behavior or responsibility would benefit in terms of stakeholders' satisfaction and maintaining positive stakeholder reputations regarding the firm's success. Firms' achievement related to these benefits, therefore, depend on how much effort they put

into understanding it, developing it, and integrating it into their business model. Thus, firms are recommended to use CSR as a strategic management tool that extends beyond regulatory requirements. In addition, Porter (2008) pointed that attention and prioritizing CSR are unavoidable for every business leader in every country.

## **2.2 Theoretical Framework**

Marx (1963) defined theory as a group of logically-organized and deductively-related laws and that a theory could be perceived as both a tool and a goal. In addition, Tuckman (1996) asserted that researchers create a theoretical framework because they want to test a theory and locate the research where it was originated. Amongst various theories that have been utilized to illustrate the CSR principle, shareholder theory and stakeholder theory provide a framework for evaluating the economic performance of business; thus they would be the most justifiable theories in the literature on the business approach to CSR. Both of these theories are normative; however, they are very much at odds and exhibit differences among their concepts. They imply what the duty of a business ought to be and are also about how CEOs and managers integrate their business with social responsibility by each of their different perspectives. Hence, it is appropriate for this particular study.

### **2.2.1 Shareholder Theory**

The root of shareholder theory came from Adam Smith's *The Wealth of Nations* (1776), which indicated that the main purpose of business was generating profitability and increasing the sole proprietors' prosperity. He believed in the importance of free markets that were best regulated through the mechanism of the invisible hand of self-regulation, even a completely unregulated market, where the invisible hand could check firms that engaged in illegal or unethical activities and then they would be penalized or eliminated. Thus, all firms worked in their own self-interest without excessive government or regulatory intervention in their business by attempting to generate profits, in the end, would inevitably benefit society at large. Principally, Milton Friedman confirmed that the business of business was business and the purpose of the firm was to maximize shareholders' wealth without wasting

their money on other activities. He criticized that managers was actually authorized by the owners to enhance financial gain for shareholders first. If they did anything other than harvesting profit for their employers, it was stealing the shareholder capital and thus business without financial gain would inevitably be out of the business domain. Additionally, by spending financial resources on social issues, firms might mistakenly incur unnecessary expenses or indirect costs which ultimately might damage their financial health. This school of thought insisted that it was not necessary to support the local community from firm resources because the firm was not a non-profit organization. Charitable giving or community service regarding social issues was largely self-interested involvement and carried favor with individuals. Further, businesses had already fulfilled their social responsibilities by obeying the law in paying earning tax to the government and part of that tax paying would eventually be returned to the society in the form of public services and public goods. The society and community nearby firm, in return, would benefit in the form of conventional business, such as producing needed and good quality products and services at affordable prices. According to him, social problems or moral development was best solved and alleviated by the government, political institutions, or voluntary organization that was specialized in serving social areas. Therefore, the corporation was an economic institution that did not have sufficient expertise to cure societal ills and thus should specialize in the economic realm in order to ensure continuing potential profitability and the success of the corporation. In sum, this was based on the premises that the primary fiduciary duty of corporate executives or managers was to use corporate funds only to secure the continuing profitability for shareholders/entrepreneurs and to follow the “fair game” in the free market economic system with the self-regulation among firms and insignificant interference from political institutions. Likewise, a business management professor, Drucker (1984) affirmed that the primary responsibility of business was to “vaccinate” sufficient profitability and to earn growth in order to cover future costs of the whole economy. However, there were some critics who criticized that business should not seek only to maximize shareholder returns, as most financial economists accepted, but business must also focus on what other constituencies were looking forward to; otherwise business would eventually have several negative consequences to their corporations.

### **2.2.2 Stakeholder Theory**

Beginning in the late 1970s, researchers and scholars from different schools of thought were developing a new theory that challenged Friedman's shareholder theory due to the outdated theory and also the dramatic changes in society's expectations. Archie Carroll, a business management professor who created the CSR pyramid in 1979, indicated that firms had the responsibility to generate shareholder wealth by obeying all laws and regulations, and engaging in philanthropy by contributing part of their profits to society in order to improve society's quality of life. Nevertheless, Carroll primary put economic responsibility in first place and indicated that profit generation should be the outcome of a well-managed firm. Later in the early 1980s, driven by Edward R. Freeman, stakeholder theory achieved an important breakthrough. The theory stated that a firm's non-stockholders or stakeholders (including employees, customers, suppliers, communities, competitors, financiers, trade associations, unions, activist group and government), who influence or were influenced by a firm's activities, needed to be properly managed and engaged in the firm's core business and operation activities. Taking into account, the firms, for example, need financiers to loan the money for production used, customers to buy their products or services and staffs to serve the customers in order to run successful business. In turn, this theory suggested that corporations or managers should expand the area of consideration in corporate executive's decision-making and activities to each of these stakeholders in order to create benefit and value to all of their different stakeholders. It can be noticed that this theory mentioned the term "value" instead of "profit", and the firms should create this value, such as living environments, working surroundings, or fair trades to their stakeholders. In a normative sense, the stakeholders have the significance power to generate a competitive advantage and to maximize the overall firm performance, thus the firms must learn not to overlook or violate such power. As a result, a firm and its stakeholders can reach a win-win zone in order to benefit the overall enhancement. Many stakeholder approach proponents, afterwards, visualize that the business is not exactly an individual entity, but as part of a much larger social organization that creates social outputs. In addition, a modern business is broadly applied stakeholder approach as a fundamental and an operational concept, likewise, academia and business scholars are also widely make reference of

stakeholder approach to their management literatures as well. Typically, each stakeholder group that may be affected or that has been affected by firms' operation and their interactions are shown in Table 2.4.

**Table 2.4** Typical Stakeholders and Their Interaction with the Firm

<b>Stakeholder Group</b>	<b>Affected by the firm</b>	<b>Affected on the firm</b>	<b>Social responsibility issues</b>
Employees	wage, social welfare, working conditions	Productivity, creativity, identification	Workspace environment, workforce condition, hygiene, job satisfaction, skill selective training, wages and benefits, profit sharing, employment of disabled, healthy culture.
Customers	Product, Marketing, Customer Service	Purchase, Boycott	Good quality and reasonable price products and services, ethical products, addressing customer service and privacy.
Suppliers	Purchase, Contract terms	Price, Contract terms	Honesty and integrity, fair and equitable transactions, supply chain corporations.
Community	Jobs, Social Programs, Philanthropy	Impose limitations	Hold community consultations on supporting or volunteer programs, community investment, hire local workforce.
Shareholders	Profit, Wealth, Risk	Available funds	Share relevant information on business model in evaluating CSR, transparency and accountability.
Government/Regulators	GDP, Jobs, Taxes, Politics	Regulation, Taxes, Subsidiary	Consult with government institution on public policy, respect the legal context.

**Table 2.4** (Continued)

<b>Stakeholder Group</b>	<b>Affected by the firm</b>	<b>Affected on the firm</b>	<b>Social responsibility issues</b>
Environment	Pollution, Preservation	Natural resources, Climate	Clean energy, ecosystem, pollution and waste prevention, environmentally friendly procurement.

**Source:** adapted from Crane and Matten, 2004.

This theory succeeded in becoming famous not only in the business ethics fields but also has been widely cited as the foundation of stakeholder theory, and used as one of the frameworks in CSR methods. The proponents of stakeholder theory had been trying fervently to show that a positive link existed between more inclusive stakeholder management and increased firm performance, and therefore firms could not maximize their long-term profitability if they overlooked the importance of relevant stakeholders. The proponents emphasized and supported the provision of the discretionary expectations of society, and promoting environmental activism, economic development, and social justice as part of the corporates' overall strategy to gain a competitive business advantage. Hence, corporations should engage in CSR because it is appropriate and wise to do so; otherwise they might be left with a business competitive disadvantage. Though the numbers of modern corporations that recognize the importance of their stakeholders are increasing, however, the opponents of stakeholder theory complained that CSR activities would happen to be harmful to the business in every way. Thus, the measurement of a firm's effectiveness in its interactions with stakeholders is sometimes ambiguous. It can be obviously seen that the two theories are very different in terms of beneficiaries, thus, firms need to consider the appropriate and suitable theory for their objectives and goals. Similar to Cheers' research (2011) who assessed that the debate of shareholder theory and stakeholder theory concerning CSR involvement was not clear and the results showed that both theories were incomplete. Regarding the contradictory results, he



recommended that firms cannot be profitable if they lack interaction with their stakeholders even though they desire to produce long-term maximized shareholder wealth. Ultimately, firms should blend the two theories for the sake of long-term economic and social values.

### **2.3 CSR in Thailand**

It is difficult to trace how CSR practices have been introduced in Thailand. However in the Thai social and religious context, a central doctrine of Buddhism instructed believers to care and put their heart into the poor or needy society around them either by helping those that are in need or by making merit through philanthropy or volunteering. This is the foundation of performing good deeds and actually is a strong root of social responsibility, whether be called CSR, which is done by individuals and does not involve commercial interest at all. Another important aspect of doing good deeds is the royal projects and foundations in Thailand, led by the beloved and respected His Majesty King Bhumibol Adulyadej, which engage in over four thousand development projects to aid the needy gaining higher incomes, improving education, preserving the environment, conserving important social values, and supporting traditional culture. These royal projects and foundations provide suitable illustrations of social responsibility for Thais, and they have had a strong influence on the national development agenda and consequently are a thriving determinant that encourages socially-responsible practices in the public and private sectors accordingly.

Regarding the public sector, the Thai government in June 2007 established the CSR Promotion Centre to formulate national public policies on CSR. The main functions were to encourage and support socially-responsible business, assess, and to evaluate the impact of CSR policies, and to develop reports on the CSR situation in Thailand. Subsequently, by embedding CSR in national policies and state plans, former Thai governments used them as a guideline in encouraging businesses to adopt merit, ethics, and corporate governance principles in their business activities. Moreover, many related government departments, such as the Ministry of Labor, the Ministry of Industry, and the Ministry of Natural Resources and Environment, had

also adopted CSR policies to promote a better living for employees and communities, to employ energy saving and clean technology in production processes, and to raise awareness of preserving the environment. Ultimately, Thai governments further attempted to develop master plans, and action plan or guidelines for the success of CSR implementation. Nonetheless, non-profit organizations (NGOs) also engaged in a supplementary way in development and environmental activities, particularly the Population and Community Development Association (PDA). The PDA had intentionally set up Thailand Business in Rural Development (TBIRD) to develop creative new methods to encourage the enthusiasm of business for the community and for society improvement. By protecting the villagers leaving their village to work, TBIRD had set up factories in their villages or rural areas so that the villagers could earn income without leaving their home towns. Another aspect of NGOs regarding CSR awareness was the Kenan Institute Asia, a Thai-American development institute that initiated guidance and education programs for corporate leaders to enhance the competency, productivity, and sustainability of CSR principles.

For an economic point of view, even though businesses in Thailand had expanded from domestic into international arenas, Thailand, at that time, did not have a history of consumer rights campaigns to raise awareness or to demand that business adjust business reactions to society or make social contributions to the society around them. Thai culture is different from western culture in the sense that in the west law and discipline are focused on under strong consumer demands for ethical business practices aligned with business strategies. However, Thai businesses, at that time, concentrated more on the individuals own spirit and certain business awareness. Thai firms identified CSR as corporate philanthropy rather than considering CSR as a holistic view of business operations impacting society or the environment. In 2007 survey by the Kenan Institute Asia on the awareness of CSR practices in Thailand, it was indicated that Thai firms mostly concentrated on the internal aspects of CSR, such as customer and employee satisfaction and safety production processes rather than concentrating on environmental or human rights concerns. Thus, there was literally a recognized need for business practitioners to gain in-depth understanding of the significance of the CSR concept through the context and nature of Thai culture.

However, in early 2000, there were a number of Thai-international joint ventures established and they eagerly attempted to develop a thriving CSR in

Thailand to be responsible and accountable to all perspectives of social, environmental, and economic development. Additionally, the key drivers for the practice of business' CSR in Thailand could have been the pressure from western multi-national corporations (MNCs) operating in Thailand. MNCs, including their groups of firms, subsidiaries and branches globally, had put effort into adjusting CSR practices that were appropriated for Thai social and religious context. MNCs customarily had CSR programs that originated with knowledge from headquarters in the west which, at that time, might have been limited in terms of the comprehension of the concept in Thailand. However, with the help of the Stock Exchange of Thailand (SET), Thailand became active and understanding of CSR principles. In the early part of 2006, the SET voluntarily engaged in encouraging CSR activities by establishing the CSR Institute (CSRI) to promote the CSR concept for public listed companies. The CSRI aimed to act as a link between businesses and society to promote CSR principles and guidelines that would benefit business' stakeholders, society, the environment, and the economy as a whole. Considering PLCs was a key mechanism and a driving force to motivate the country's economy in terms of finances, technical knowhow and as a knowledge base; thus, it was necessary to stimulate PLCs into supporting CSR practices voluntarily rather than as a required mechanism. Consequently, particular PLCs that had remarkable CSR implementations and contributions were qualified for annual CSR SET awards that would be a benefit and advantage for them accordingly. In addition, PLCs' CSR activities that complied with international standards would enable them to rank with other outstanding firms globally.

By encouraging PLCs to be more transparent and accountable regarding the international practice of CSR, in early 2003, the SET was assigned disclosure regulations that required PLCs to reveal detailed CSR annual reports of what they were contributing. This disclosure would provide key information to meet the demands of investors' decisions that were placed on firms operating with social and environmental responsibility. Moreover, CSR annual reports would be a model for other firms to present CSR involvement over industry rivals. One of the concrete incidents was to encourage the PLCs to have corporate sustainability reporting to create sustainable value for firms, stakeholders, and society as a whole. Based on

Global Reporting Initiatives (GRI), corporate sustainability reporting was an important tool to help investors get accurate and clear information regarding a firm's CSR strategy and operations for investment decisions. In addition, it would enhance firms' social responsibility operations towards encouraging the sustainability of the firms and development. Around the globe, more and more PLCs are admitting that corporate sustainability reporting has met the broad-based expectations of society by considering all stakeholders and by improving efficiency and growth with sustainability.

## **2.4 Overview of Related Research on CSR**

A review of related research or business literatures is important because such reviews can serve as a foundation for this study and help to guide researcher in locating more sources of related information or searching for the results of this study. Therefore, the review organizes around and directly relates to the dissertation or research questions that are developing and applying principles of analysis in order to identify unbiased; thus providing a general overview.

### **2.4.1 CSR Implementation**

As earlier discussed, the definition and the concept of CSR referred to business commitment to be transparent and accountable for their operational effects on societal quality of life, ethical guideline and environmental behavior beyond integrating commitment. In detail, the firms are obliged to take all reasonable steps to bring positive outcomes to the firms and to minimize any negative or harmful effects to any of their stakeholders, the environment, or economic impacts in all operations and activities. More practically, there were accessible extensive researches of CSR practices that were often regarded and originated as a core of their social intentions and some as a core principle of their business operations.

As the start of the strategic management of stakeholders, Digman (1990) considered an analysis of the value and expectations of internal and external organizations' stakeholders. He discovered that organizations must understand the variables and differences of stakeholder groups and must place them in the right

position. Particularly, the role of individual managers was as moral agents that are obliged to identify, formulate relationships, and monitor strategic issues in dealing with each major group of stakeholders. They must primarily consider the consequence of using resources to support specific stakeholder groups that result in helping or hurting the organizations. Later in 1999, the Environics International Environmental Monitors' (EIEM) annual survey of public expectations on a variety of social and environmental as well as economic concerns in the form of "the Millennium Poll on CSR" involved public opinions of one thousand citizens from twenty-seven countries on all six continents globally. The survey, representing sixty-eight per-cent of the world's population, revealed that significant numbers of people were paying attention to the whole-hearted kindness of responsive corporations and desired that corporations' contribute to broader societal roles beyond the traditional business role. In addition, people expected corporations to set higher ethical standards on building and delivering to better society. Another major finding was that forty per-cent of people globally, North America/Oceania in particular, had boycotted and avoided buying products from socially-irresponsive firms. This matter obviously would result in greater pressure to deliver social actions in order to display their doing-good or clearing up their negative reputation. It was, after all, society in the first place that had given businesses the right to use both natural and human resources for their productive functions in order to attain their power status. Similarly, Uddin et al. (2011) examined a descriptive study from various academic scholars' and researchers' journals, articles, distributed books, and websites on the three dimensional aspects of CSR (economic, social, and environmental and ecological aspects). They found that CSR was an important business strategy because, wherever possible, modern consumers want to buy products from firms they trust; suppliers want to form business partnerships with firms they can rely on; and employees want to work for firms they honor. The prosperous firms would be those that have accomplished a profitable performance and have considerably increased social value in the meanwhile. Previously, Reich (2007), based on this logic, stated that the acceptance of socially-responsible firm by society would enhance more satisfied customers, more positive employees, and more convinced owners and therefore firm would remain in business and lead to more prosperity circumstances. As he quoted the following:

“Corporations aren’t people. They can’t be selfish, they can’t be moral, and they can’t be immoral. They are responsible, if they are publicly held, to their shareholders. Hopefully, along the way toward maximizing shareholders returns they are also providing good deals for customers.”

In 2008, Kurucz et al. studied the business case for CSR by dividing it into four general types of business case. They were cost and risk reduction, competitive advantage, corporate reputation and legitimacy, and synergistic value creation, which were constructed to identify some problems and in order to improve for the best. The study found that managing business today is an intensively complicated task and is unpredictable. If CSR objectives are equitably and appropriately integrated with the value creation for organizations and society, then the business case for CSR would be a pertinent and significant concept. Previously, Smith (2003) examined the difference between the business cases and normative cases of CSR in order to study the attention of a corporation’s intention regarding CSR involvement. The study found that many corporations were pressured to participate in unavoidable CSR even though it was not guaranteed the financial advantage of a particular corporation. On the contrary, if CSR action was evaluated in the interest of society and specific circumstances, then the normative case may well also be consistent with the extended attentions of the firm. Starbucks, for example, emphasizes a business case for CSR as follows: “Consumers are demanding more than “products” from their favorite brands. Employees are choosing work for companies with strong values. Shareholders are more inclined to invest in businesses with outstanding corporate reputations. Quite simply, being socially responsible is not only the right thing to do; it can distinguish a company from its industry peers”.

In 1982, Mahoney and McCormick examined the U.S. Clean Air Act (CAA) regulations enforcement, which was the inclusive federal law to control air emissions of hazardous air pollutants to protect public health and welfare. They demonstrated that such regulations were an advantage for environmental responsive corporations over their irresponsible rivals. If by chance the rivals attempted to participate in environmental activism, they might meet more restrictive and costly standards and time consumption which would be a barrier to entry. Subsequently, Zahra and LaTour (1987) collected data from 410 college graduate and undergraduate students

to examine the potential link between CSR and organizational effectiveness. By using factor and later canonical analysis, the results showed that specific CSR practices that gave priority to social demands affected select organizational effectiveness outcomes. Further, Berger et al. (2007) emphasized being transparent by observing CSR in terms of how firms have integrated economic, environmental, and social concerns into their operations, strategy, culture, and values that go beyond legal compliance. It should be a transparent and accountable manner by way of enhancing better practices within the firm in order to create wealth and prosperity for society at large. Additionally, managing CSR programs includes corporate governance that adheres to anti-bribery and anti-corruption, transparency and accountability, fair competition, supplier relations, health and safety of employees and communities, human and labor rights, and domestic group and minority respect.

In terms of CSR practices on different continents and in different countries, Chapple and Moon (2005) used quantitative study to study the dynamics and evolution of CSR in Asia. A CSR report on the websites of fifty firms from six countries in Asia (China, India, Malaysia, the Philippines, Singapore, and Thailand) was analyzed regarding CSR involvement and it was found that their CSR involvements were related to their engagement in international trade and were literally increasing. In particular, China and India gave much more attention to labor issues, yet had been dominated by the state, while the other four countries did exhibit similarities in their approaches to CSR, with community involvement being the most established form of CSR. However, their study did not actually represent an overarching model of the entire Asian CSR or a picture of individual Asian national CSR profiles. Relevant to this, Welford (2005) studied a comparative survey by examining the written policies of 15 countries across Europe, North America, and Asia in terms of CSR involvement. He found that cultural tradition drove CSR policy in Asian countries and was more concerned with child labor and ethical manners, whereas the West emphasized corruption, bribery, and equal opportunities. Nevertheless, the growing concern about the aspects of CSR was increasingly important among Asian countries, particularly Japan, Hong Kong, and Thailand. Moreover, Mahoney and Thorne (2005) considered Canada's social responsibility as a concern for social and environmental matters. They investigated the relationship

between continual compensation and CSR in 90 Canadian PLCs. The study found that executives' continual compensation was related with the firm's environmental movement, which was more likely to lessen the environment destruction. Later in 2007, the Centre for Corporate Public Affairs conducted a survey on over a hundred large Australian corporate sectors that involved integrating a business focus and commitment with the core business activity. The survey pointed out that the majority of firms deliberately engaged corporate community investment as an integral element to their business model and strategy, which they considered a matter of maintaining a positive reputation, competitive advantage differentiation, from modern community and society. Where the minority more concerned on the return on investment and long-run financial return which they did not align corporate community investment with their specific business interests. In addition, firms still must attempt to gain economic advantage allowing them to continue to operate and grow. The survey suggested that community investment should be transparent and accountable in the use of resources in order to ensure mutual benefits and a better society. Additionally, the government should facilitate best practices to combine business and social development and partner business and non-profit organizations where appropriate opportunities arise. Further, in Australia, Sen (2011) interviewed the owners and managers of 12 selected small and medium enterprises (SMEs) in the Gold Coast region of Australia regarding CSR involvement. To be more precise, he additionally applied a qualitative case study and an interpretive methodology. The study found that SMEs fully understood the fundamentals of CSR as a principle for enhancing their businesses and subsequently benefitting society as a whole. Thus, they determined to engage with their communities energetically. Regarding CSR in Thailand, Nuntana Udomkit (2013) examined a reflection of business and the public in Thailand by conducting qualitative semi-structured interviews with the CEOs of the PTT group and Shell (Thailand) that had similar quality and price resources corporations. While this study conducted a quantitative survey on the perspectives of consumers, it found that social responsibility was a necessity in today's business trend. According to modern consumers, they intend to support socially-responsible firms that are devoted and loyal to society or stakeholders, and this would return the favor in terms of achieving better economic results. On the other hand, irresponsible



firms might face sanctions by being boycotted them for not treating society well, that is because customers are one of the most important stakeholders in deciding what to buy and where to buy from.

However, Baron (2001) examined and criticized Friedman's work for being altruistic and for only being concerned with motivating maximized profit for the firm. By using equation to analyze, he found that individuals could personally give to social causes and in the meantime corporate giving could reduce personal giving by an equal amount. In return, the corporation would have a competitive advantage in terms of a strategic effect by offsetting the higher costs associated with CSR, including retaining high-quality workers and achieving reputation enhancement. However, he concluded that many firms pretended to be responsive firms because they expected a benefit from these actions. Likewise, Kotchen and Moon (2012) examined 3,000 PLCs engaging in CSR practices whether there was effecting on Corporate Social Irresponsibility (CSI). By using the Kinder, Lydenberg, Domini Research and Analytics (KLD) Social Ratings Database of 1991 – 2005, they found that there was a stronger effect of CSI on CSR and that public played a big part of the examination in CSI industries. In general, there was the justification causal relationship that firms do more harm can also do more good.

#### **2.4.2 CSR and Firm Performance**

There exists a complex and vast area of literature that has examined the impact and relationship between CSR and firm performance. In support of the notion that firms can do well by doing good, the majority of the findings has produced positive results, yet many have found negative or even inconclusive results. This study, therefore, reviews and synthesizes related business literature that focuses on the role of the firm's CSR enhancing the firm's value. Yet, different researchers have used different methodologies and indicators resulting in different reasonable answers and conclusions. However, the main indicators of measuring firm performance can be divided into two categories: market revenue indicators, which are focused on shareholders' returns and accounting indicators which have focused on the firm's operating situation. Historically, Griffin and Mahon (1997) examined 51 studies from of the years 1972 to 1977 and found 80 different indicators used to measure firm and

financial performance. For instance, Cochran and Wood (1984) and Waddock and Graves (1997) used accounting indicators, such as return on assets (ROA), to study the relationship of CSR and firm performance, and found significant positive correlations. In contrast, Aupperle et al. (1985) detected no significant relationship between those two. By using market revenue indicators, the earliest empirical study was that of Moskowitz (1972), who produced a positive relationship. Later, Vance (1975) improved Moskowitz's analysis by extending the time period for analysis from six months to three years, thereby producing negative results. However, Alexander and Buchholz (1978) evaluated the analysis on a risk-adjusted basis and found an inconclusive result. As could be seen then, numerous studies have produced totally different conclusions, and the findings were inconclusive.

Regarding the research and investigations of the 20<sup>th</sup> century, Orlitzky et al. (2003) managed a meta-analysis of 52 studies on the connection between society and firm performance. From a total sample size of 3,878 observations, they found a positive connection between them. Later in 2004, Tsoutsoura used a dataset including 500 firms from the S&P between the years 1996 and 2000 to test the relationship between CSR and firm performance. By using event study and accounting indicator methodology to assess the short and long-term financial impact of CSR respectively, the studies exhibited mixed results linkages. However, the relationship was positive instead, which have been because of the direction of the causality between CSR and firm performance. In spite of existing research and investigations on CSR related to firm performance had predominantly focused on positive facets of CSR but there were contrarily a number of scholars and researchers who had a negative association on the financial implications of CSR for firms. At the heart of the critiques of CSR involvement, for instance, Henderson and Kapstein (2001), who respected the idea of Friedman, acknowledged that the ill-consequences of CSR practices could add indirect costs and eventually lower a firm's profit and thus there would be less incentive for new products or innovation. Similarly, Yang et al. (2010) pointed out that the use of idle and huge financial resources for high CSR investment would result in additional costs and eventually these costs might affect firms' financial health. However, the varying findings could possibly be from the use of varying and questionable measures of CSR, methodologies or financial performance measures.

Regarding CSR practices in specific countries, Mishra and Suar (2010) examined whether CSR, which was weak in India, concerning primary stakeholders influenced the firm performance and non-firm performance of Indian firms. The study used financial market response data on CSR and non-firm performance that were collected from 150 CEOs and high-level Indian managers of listed and non-listed firms through a questionnaire survey, while the financial data of the determined firms' were received from secondary sources. Subsequently, the indicators were developed in the Indian context considering the employees' perceptive and external aspects, which consisted of the customers', investors', the community's, and the natural environment and suppliers' perspectives. Regarding consumer rights, the work environment, environmental protection, and equal opportunities, the results indicated that listed firms engaged more in CSR practices and better firm performance than non-listed firms. With the effects of stock-listing, ownership and firm size, CEOs and managers perceived that the long-term survival and success of firms would certainly depend on the capability to behave in a socially- responsible manner. Building better relations with stakeholders could be beneficial and firms would enjoy earnings growth and business value in the long run. Meanwhile, El Ghouli et al. (2010) observed a large panel of 12,915 US firms for the years 1992-2007 to examine the effect of CSR on the cost of equity capital, which was a key input in the firms' long-term investment decisions. After conducting a multivariate regression analysis, they found that firms with higher CSR scores exhibited significantly cheaper equity financing costs. Investing in CSR eventually helped to improve employee engagement, environmental protection, and products and services standards, and it clearly reduced firms' cost of equity capital. Moreover, high CSR-responsive firms had lower costs of equity capital, lower risks and higher valuations than lower CSR-responsive firms. It could be seen that low CSR-responsive firms had a reduced investor base, expected cash flow shocks, and higher perceived risks; however, CSR investment in human rights and, community connections did not reduce the costs. Extending the work of El Ghouli et al., Gregory et al. in 2011 used a comprehensive set of KLD indicators and observed 23,078 firm-year observations to examine whether CSR was valued by markets. A number of strengths and weaknesses of each CSR indicator (environment, community, diversity, employee relations, human rights,

product and governance) were analyzed. The results, similar to El Ghouli et al. (2010), showed that the CSR indicators were valued by markets and ultimately higher CSR firm performance was rewarded by the market with highly valued than lower CSR-responsive firms.

In summary, academic scholars and researchers have paid a great amount of attention to the complicated impact of and relationship between CSR and firm performance. In contrast, firm performance will be ahead of CSR spending if it invest in a long-term speculation and eventually enhances firm's profitability and sustainability.

### **2.4.3 CSR and Competitive Advantage**

In general, competitive advantage can be defined as a firm's capability to better produce goods or services and to have a better place in the market than rival industries and consequently create better customer loyalty and eventually accomplish greater performance. By applying CSR as a strategic tool, firms are expected to gain a driven competitive advantage over rivals and hence be able to capture the customer's loyalty.

Various scholars and organizations have been curious to know if CSR could deliver a competitive advantage for firms. For instance, the Dow Jones Sustainability Indexes (Dow Jones, 2003) surveyed 300 leading corporate sustainability and CSR involvement industries from 22 countries on their performance in the mainstream market. The survey found that the mainstream market indices increased by 23.1 per cent which outperformed the mainstream market indices of the 2002 indices. As the influence of sustainability trends on businesses' advantages became increasingly obvious, a thriving number of private and institutional investors were integrating economic, environmental, and social standards into the firm's core strategy and objectives in order to reflect a large picture of society and of the environment as well as long-term shareholder value. Similarly, AMP Capital Investors (Rey and Nguyen, 2005) did a survey by rating 300 CSR involvement's Australian PLCs and analyzed their financial performance compared with PLCs that had lower CSR involvement. It was found that higher CSR-responsive firms gained a competitive advantage by outperforming the lower ones by more than 3 per cent per annum during a 10 year

period. Later in 2010, Baltzan and Philips (2010) stated that in order to create a reliable competitive advantage that attracts to customers, firms should create and enhance more relations and value in order to be the first to offer a product or service to the market while rivals might needs times to duplicate, create, or enter the market. Additionally, Balqiah et al. (2011) used structural equation modeling (SEM) to examine the relationship between CSR awareness and loyalty mediated by CSR belief, company ability belief, quality of life, and company reputation. They found that CSR involvement could build a strong relation between corporate reputation and customer loyalty and support of firms which led to the creation of a competitive advantage and corporate reputation. Interestingly, modern consumers are more aware of various firms' CSR activities that serve as firm's vehicle to build consumer or society support. As a result, this CSR effort has convinced consumers to trust firms' benevolence where their belief and commitment towards firms or brands could not be easily displaced.

In summary, the researches provided on competitive advantage distinctly, proposes that the firms require to creating more linkage to customer value and to identifying the social consequences of their actions with an image of higher CSR involvement than the rivals in order to strengthen a competitive edge and also benefit their stakeholders as well.

#### **2.4.4 CSR and Corporate Reputation**

In the past decade, there has been moderate interest in the perception and requirement of the firm's stakeholders, particularly customers and employees. Rather than focusing on financial figures or performance, firms' stakeholders are interested in the firm and the brand image, reputation, identity, and personality. From that point of view, the corporate reputation was mentioned which could be defined as a set of recognitions and viewpoints of firms' stakeholders and outsiders on firms' past and present activities that expressed firms' benevolence and engagement to stakeholders. Many researchers and schools of thought have shown a concern regarding the influence of corporate reputation on firms' long-term financial performance, which is connected to CSR involvement. For instance, Webster (1975) found that customers intended to purchase from firms that had a reputation of being socially and

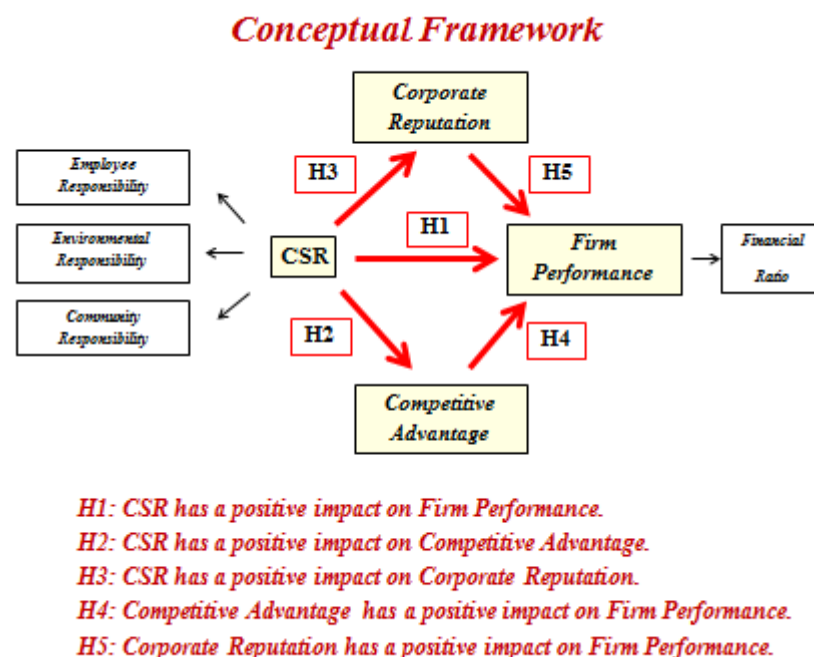
environmentally responsible. On the other hand, Fombrun and Shanley (1990) considered that CSR is nowadays a critical aspect in firms' strategy, primarily because of the financial scandals and the decline of investors' reliance. CSR, in fact, is strictly connected and linked to the creation of firms' reputation. They suggested that corporate reputation was one of the most important mediating variables that link CSR to firm performance. In addition, Porter and van de Linde (1995) pointed out that a high CSR profile indeed leads to corporate reputation advantages, such as positive responses of customers and capital markets, new market openings, more confidence on the part of shareholders and investors, and improvement of firms' access to sources of capital. Later in 2000, a number of researchers studied the relationship between CSR and corporate reputation. For instance, Fombrun, Gardberg, and Barnett (2000a) summarized that corporate reputation was precisely related to CSR and ultimately connected to the prosperity of firm performance. On the other hand, Brammer, Brooks and Pavelin (2006) found a positive effect, which was often linked to positive financial returns, in most of the industry sector. Consequently, corporate reputation represented a combined and multifaceted construct which is an aggregated recognition of many individuals. In addition, Smith et al. (2010) investigated whether firms with high reputation and brand identity regarding CSR involvement faced fewer financial risks and did indeed experience better financial and economic advantages than industry rivals. Gossling (2011) examined a dataset of strong reputations survey from Fortune Magazine's annual list of America's Most Admired Companies in the years between 2002 and 2004. The survey was conducted through senior executives and from qualified firms together with financial analysts. The result showed that the strong reputation firms that dedicated to social and environment responsibility would improve better financial health and achieved higher market value than that of firms with a lesser brand image even though selling costs were higher. Ultimately, CSR involvement would certainly create corporate reputation as a positive contributor to firms' profitability.

Nevertheless, to maintain a good firm reputation and brand identity takes considerable time and a firm might need to invest more in either management or the production process along with extensive public relations. Essentially, reputation management can be about managing what happens inside an organization to influence

external perception. Meanwhile, firms can turn out to be socially- irresponsible if they have a negative image and reputation, which in turn will depreciate their financial performance. For example, socially-responsible actions in one area (e.g. gas emissions) may spill-over and affect the corporate image in other areas as well (e.g. unregulated issues on labor relationships).

## 2.5 Conceptual Framework

After a comprehensive review and discussion of the related concepts, theories, and empirical studies on the factors determining firm performance, the following conceptual framework and related hypotheses have been developed and will be tested in primary research as a further step. The proposed conceptual framework developed in this chapter provides a foundation for comprehending the impact of the variables on firm performance, and allows the development of related hypotheses.



**Figure 2.3** Proposed Conceptual Framework

This proposed conceptual framework, as shown in Figure 2.3, follows the selected theories and empirical findings from the literature review, regarding the

relationship and impact of CSR on firm performance. This proposed conceptual framework visualizes how the proposed hypotheses relate to the research questions on whether the relationship between CSR and firm performance along with competitive advantage and corporate reputation creates benefits for firms. Consequently, this framework will hopefully be able to describe and answer the research questions and thus lead to the proper methodology and relevant methods which will be described in the next chapter.

## **2.6 Conclusion**

This chapter presents a review of previous studies and relevant literature detailed on all of constructed in the proposed conceptual framework, the definition of each construct, and supports with the theoretical framework. CSR has been defined by different scholars and researchers in different periods of time and has been used as management tool in the business arena. Meanwhile, shareholder and stakeholder theory have been employed in this study and can be viewed as the foundation of this study since they are fundamental explaining CSR and firm performance. Moreover, this section also presents a linkage of those constructs in order to formulate related hypotheses for testing, and the conceptual framework leads to the research design, which is described in the next chapter.

In conclusion, this study has discovered that CSR practices are widely accepted and viewed as a concept and a key determinant of a firm's performance, of competitive advantage, and the corporate reputation of the firm. It is recommended that firms apply an attitude of confronting modern business intricacy with a holistic market approach. Hence, CSR is currently a strategic management component of central importance to firm-level success and is potentially a vital additive to a firm's strategy.



## **CHAPTER 3**

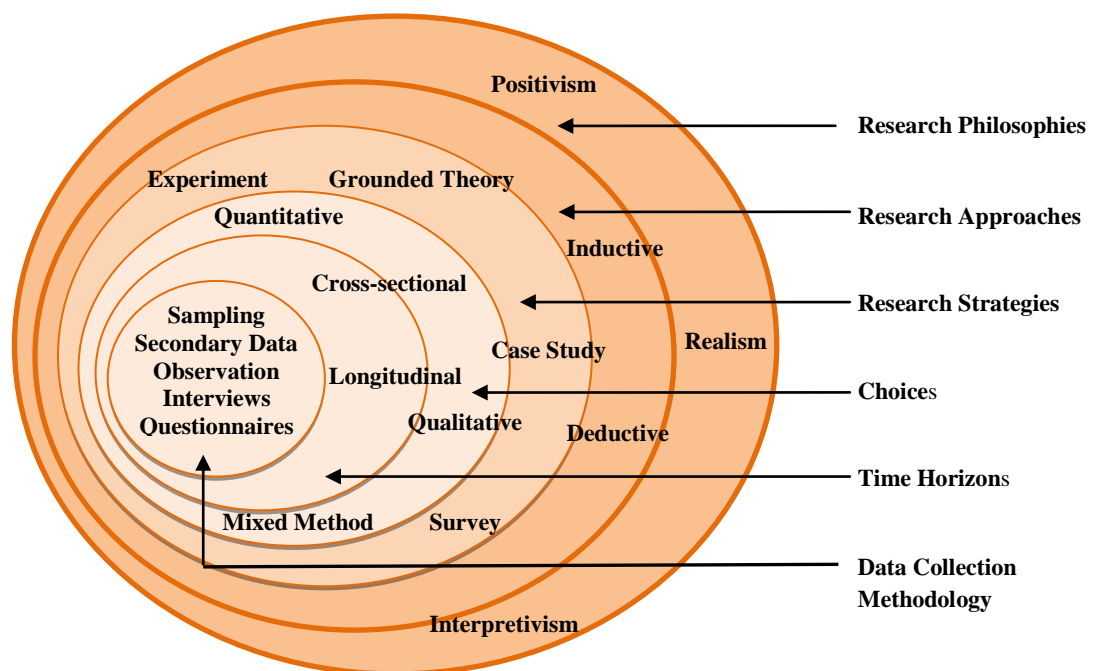
### **RESEARCH METHODOLOGY**

Research methodology is a systematic plan for conducting research and the process of collecting productive data. This chapter begins by describing the research paradigm in order to understand and address the problems as logically as possible. Next, the research design was chosen in order to give direction and to integrate the different components of the study in a harmonious and logical way. Further, the clarifications of unit of analysis, population, sample size, sampling method, operational definition, measurement, data collection methods and instruments, and data management and methods of analysis are contained in order to make more comprehensible. Ultimately, the ethical considerations of this research are conducted to present how they abide by academic and scholarly requirements.

#### **3.1 Research Paradigm**

Generally, when academia or researchers mention paradigms, they are talking about different procedures to sharing understanding of reality or knowledge. Historically, a research paradigm was defined by Kuhn (1962) as a set of commonly-held beliefs and agreements shared among a group of scientists about how problems or knowledge should be understood and addressed. Later in 2004, Perry and Cavaye redefined paradigm as a comprehension or worldview to discover what problems deserve to be explored as well as what procedures are available to debate such research problems. Subsequently, the research paradigm was an established model that would guide researchers to know about their disciplines in order to carry out specific research. The chosen paradigm would guide researchers to choose a theory and practice based on their basic set of beliefs, which established a set of practices and a worldview to create a holistic view of knowledge, as suggested by Guba and Lincoln (1994: 105). Characteristically, a fundamental set of beliefs was considered

to be a realistic ontology to acquire how we view knowledge, and ontology then could be either objective or subjective, and concerned the nature of reality from external consciousness or individual consciousness point of view. On the other hand, worldview was thought to be an empiricist epistemology to see the relationship with valid or acceptable knowledge concerned with being or reality. In fact, epistemology was the starting point of all research concerning the research purposes in order to achieve such purposes, while methodology was a method to discover it. According to Saunders et al.'s research onion (2007: 108), developing knowledge was about the way each layer of the onion, which researchers described a more comprehensive stage of the research process, conduct on reflecting the practical reality as suggested in Figure 3.1.



**Figure 3.1** Research Onion

**Source:** adapted from Saunders et al., 2007: 108.

Previously, there were many developed paradigms based on qualitative research method that guided researchers to achieve knowledge. For instance, Easterby-Smith et al. (1991) classified paradigms as a positivist and phenomenological based on

their deductive and inductive orientation, and Burrell and Morgan (1985) demonstrated that the positivist foundation for a paradigm attempted to obtain objective truth by seeking the explanation and prediction of what might happen at a future period in a social world. Since positivism assumed that reality exists independently of the thing being studied, this study likely to be positivist rather than interpretive. In a theoretical way, Burrell and Morgan (1985: 1) described that the creation of knowledge was aligned through a deductive approach that developed hypotheses upon antecedent theory and then formulated the research approach to suit positivism at an accepted level of probability. Thus, this study has attempted to choose an appropriate research design in order to determine the specific research questions and also to investigate the issues as possessing causal relationships among the main variables of CSR and firm performance when the research problem has been narrowly defined. The investigation was then influenced by the literature review and the designed instruments to generate data that are capable of objective examination and expression and then collecting and analysis the data reflected in the tested hypotheses in order to finalize the findings. As Kuhn (1962: 109) quoted that these paradigms are the “ways of seeing the world” and when paradigms change in the basic theory or practice, the world or scientific discipline itself changes with them.

### **3.2 Research Design**

In the last decade, Parahoo (1997: 142) described research design as a plan to describe the procedure, place, and time to collect and analyze useful data from the experiences of the individual. The design also included details for enhancing the internal and external validity of the study as inserted by Polit and Hungler (1991: 653). Later, Polit et al. (2001: 167) gave the definition of a research design as the inclusive method of researcher to response to the research question or to examine the research hypothesis, and Burns and Grove (2003: 195) redefined the research design as a plan to organize a study with maximum control over factors that may obstruct with the degree of validity and reliability of the consequences.

This study was fundamentally analyzed the primary data that could generally be gathered from the respondents in a survey and interviews. Secondary data,

afterwards, were generated to serve other uncover research purposes that could be collected from the work of other researchers and readily available corporations' financial ratio. However, Bradley (2010) argued that data collection played a very critical role in the analysis, thus investigators should start by looking at the refined form of secondary data because it is readily available to collect for purposes. Investigators then can focus on each detail and afterwards create research design for primary data collection to address and describe the exact research questions. All in all, time was required to understand and manage each area of the study depending on the capability of each researcher. In this way, a cross-sectional time horizon is acceptable, as the data must be collected at a certain point or at a specific time. Furthermore, this study concentrates on measuring, estimating, determining, confirming, and possessing the causal relationships between the variables in order to develop generalizations that linearly related to the theory. Hence, this study takes an opportunity of applying both quantitative and qualitative research approaches to produce a specific dataset in order to weigh the imperfection of each and to grasp the full extent of practicable results. The data collection methodology will then be discussed as follows.

### **3.2.1 Unit of Analysis**

According to Zikmund (2003: 96), the unit of analysis is the position at which the useful data are collected and analyzed, be it organizational, governmental, institutional, social interactions, or individual. It is one of the most significant elements in a research project and the major entity that is being analyzed in the study in order to create summary descriptions of all such units and to describe the differences among them. For this specific study, the organizational level, that provides clear boundaries, will be the main unit of analysis in the study regarding the main objective of this study is to investigate the factors influencing firm performance.

### **3.2.2 Population**

Previously, Zikmund (2003: 739) defined population as “a complete group of entities sharing some common set of characteristics.” According to Churchill and Iacobucci (2003: 321), a target population was defined as the entire set of cases that

comply with some designated specifications. The target population of this study was focused on Thai public listed companies (PLCs) on the Stock Exchange of Thailand (SET) ending in December 2012 along with their high-level managers. Useful information or data about this particular population was able to access and gathered from publicly available sources and websites in annual reports submitted to the SET and shareholders.

### **3.2.3 Sample Size**

Sample size is critical in the research that represents the number of observations being selected in order to represent the overall possible population to which the researcher intends to generalize. In order to yield accurate results and reliable data, a sample size must be appropriate to make conclusions about a population as a whole. Practically, the larger the sample size the more reliable will be the results (Flick, 2011), and therefore 448 potential PLCs in the SET, not including MAI, Property Funds and Real Estate Investment Trust (REIT), companies under rehabilitation, and companies that have been suspended, were the study's population in quantitative research. In qualitative research, on the other hand, this purposeful sampling has been used through the business connections and in the selection of twelve high-level managers from different selected industries and different departments of organizations.

### **3.2.4 Sampling Method**

According to Zikmund (2003), if the sample from the target population is adequate for a research, the findings will present the overall population for wider study. As a sample design was chosen to collect relevant information or data in order to solve the research problem, an appropriate method would provide cost reduction and faster results than studying every case of the research problem as suggested by Emery and Cooper (1991) and Becker (1998).

Meanwhile, in order to study the differences between the different industries, PLCs were classified into eight industries: that is, agriculture and food, consumer products, financials, industries, property and construction, resources, services, and technology industries, according to their main business operation. To be exact,

Zikmund (2003: 386) described that stratified random sampling must be employed, where the number of each industry was greater or equal regarding some characteristics. Similar to a weighted average, the method of stratified random sampling has an advantage in producing and reflecting the key characteristics in the sample that represent the overall population. Although the stratified sampling method worked somewhat well with a variety of attributes of the overall population, subgroups could not be formed effectively. Thus, this study used the sampling concept of Zikmund (2003) to select two hundred PLC samples from different industries that were adequate for answering the research questions as shown in Table 3.1. A structured questionnaire survey would later be distributed through email, post, and personally administered by the research team.

**Table 3.1** Distribution of Sample Observations by Industry

Industry	Amount of Company	Sampling
Agro and Food	40	17
Consumer Products	40	16
Financials	57	23
Industries	78	32
Property and Construction	84	50
Resources	29	11
Services	82	36
Technology	38	15
<b>Total</b>	<b>448</b>	<b>200</b>

**Source:** Stock Exchange of Thailand, 2013.

### 3.3 Operational Definition

Operational definition refers to the clear and detailed measures of the variable when applied to data collection in order to eliminate ambiguity. In quantitative research, the variables must be operationalized where everyone in the system has the

same comprehension and in order to ensure consistent data collection and to obtain valued data. The definitions of the dependent, independent, mediator, and control variables in this study are presented as follows.

### **3.3.1 Dependent Variable**

#### **1) Firm Performance**

Firm performance refers to a subjective measure in strategic management research of how properly a firm can utilize financial resources and the firm's assets from its principal strategy of business operations to strengthen the firm's earnings and the totality of financial health over a given period of time. That is to say, firm performance results from being in a more or less profitable industry. According to Richard et al. (2009), firm performance consists of three definite areas of firm outcomes; that is, financial performance, product market performance, and shareholder return. In addition, it can be applied as a dependent variable to compare and assess industries in aggregation.

#### **2) Firm Performance Measurement**

Firm performance measurement refers to the procedure that managers used to formally provide feedback on the businesses' financial health and valued outcomes over a set period of time. According to Simmons (2000), the measurement of firm performance incorporates the financial and non-financial success of an entity. Every business has to put in place a system of measuring performance where set goals are compared to feedback from agreed upon indicators. The time horizon for these goals can typically be about a year or less for short-term goals or span several years for long-term goals (Simmons, 2000). In practical terms, firm performance measurement would be able to assist firms in how to sustain or improve their business activities in order to gain productivity and profitability over a given period of time.

#### **3) Financial Ratio Analysis**

Over a period of time, financial ratio analysis has been used as a set of financial measures to help predict firm performance in order to analyze the success, failure, and progress of a business. The calculation of ratios enables business stakeholders to spot trends in a business and to compare its performance and condition with the average performance of similar businesses in the same industry.

Comparisons should be made with ratios of other businesses similar to the entity and also with the entity's own ratios for several successive years. This is relevant to Pandey (1999) who pointed out that a firm must have a goal, and that it is generally agreed in theory that the financial goal of the firm should be the maximization of the owner's economic welfare. In its endeavor to do so, a firm should earn sufficient return from its business operations. However much firms may differ in the products or services they offer along with their corporate structure and culture, and they all seek to maximize profit and have a relatively good financial performance. Likewise, Kaplan and Norton (2000) supported the idea that ratio analysis may provide essential forewarning signals that allow management to prepare in solving business drawbacks before the business is demolished. Ultimately, ratios indicate the overall effectiveness of operations. Financial ratios can be classified into three main groups as summarized in Table 3.2 below.

**Table 3.2** Financial Ratio Types Classification

Type	Reflects	Examples
<b>Profitability</b>	Performance of the entity and its managers, including the efficiency of asset usage.	Return on capital Employed Gross profit % Inventory turnover
<b>Liquidity/Gearing</b>	Financial structure and stability of the entity.	Gearing Current and liquidity ratios
<b>Investment</b>	Relationship of the number of ordinary shares and their price to the profits, dividends and assets of the entity.	Earnings per share Price/earnings ratio Dividend yield Dividend cover

**Source:** Adapted from Kaplan Publishing, 2010.

In the study of the impact of CSR on firm performance, six acceptable accounting indicators which consist of total assets, total liabilities, total revenue, return on assets, return on equity, and net profit of Thai PLCs from the year 2010 to



2013, have proved to be the suitable indicators to measure the firm's financial performance.

Total Assets (TA) refers to the total amount of all current and noncurrent assets owned by an individual or a business entity. Assets are financial resources of economic value, which are used up over a given period of time to generate a financial benefit for the owner or shareholder. In terms of business, these assets are generally presented or computerized on the firm's books of account to verify the financial statements and be able to view in the firm's balance sheet over the preceding period.

Total Liabilities (TL) refers to the total amount of all short-term and long-term debts an individual or a business entity is required to pay at any specific period of time. Total liabilities can be relatively easy to calculate by summing all of one's current liabilities (salaries, taxes) and long-term liabilities (bonds), notes and accounts payable that the firm may encounter. Total liabilities plus equity that are indicated on a firm's balance sheet must equal total assets. The formula for total liabilities is:  $TL = \text{Total Assets} - \text{Equity}$ .

Total Revenue (TR) represents the income received by a business from the sale of its product or service and other sources of income in order to evaluate a firm's success. The higher TR is more desirable for a business and TR can be known as "turnover" in United Kingdom. In mathematic affair, TR can be easily calculated by multiplying the selling price of the firm's outputs by the particular quantity of outputs sold. For a perfectly competitive firm, which receives a single fixed price for product or flat rate for service sold, the calculation is somewhat easy. However, for an imperfectly competitive firm, that set different prices for different qualities and quantities to different buyers, the computation can be more confused. The formula for total revenue is:  $TR = \text{Price} * \text{Quantity}$ .

Return on Assets (ROA) is an indicator of how much a business gained profits relative to its total assets. ROA can explain a sense of how productive management is employing the firm's asset base to generate earnings growth and to assess a business's financial health. The ROA ratio is calculated by comparing a firm's annual revenues to its total assets, and is presented as a percentage, which can be referred by some accountants or financiers as "return on investment". However,

some investors add non-operating expense, such as interest payable, back into net income instead of net income figure when carrying out this calculation because they prefer to use operating-income figure (earnings before interest and taxes) before the borrowing cost. The formula for return on assets is:  $ROA = \text{Net Income} / \text{Total Assets}$ .

Return on Equity (ROE) is the profitability ratio from investor's viewpoint that measures the management effectiveness of how to transform investments into success or failure productivity to shareholders equity. That means ROE ratio is concentrated more on the management team's efficiency rather than a measure of profit, thus, the higher ROE the better. ROE is indicated as a percentage return on investor's investment and the formula is:  $ROE = \text{Net Income} / \text{Shareholders' Equity}$ . However, preferred dividends are not included in net income and also shareholder's equity does not include preferred shares.

Net Profit (NP) represents a measure of the profitability of a venture after accounting for all costs. In accounting, NP is calculated by subtracting expenses, such as overhead, depreciation costs, interest payable, and taxes for a given time period from the gross profit. By means of the objective of Thai PLCs' performance is to produce as much as financial gain to investors, hence NP is a more accurate indicator to assess a firm's financial health.

In summary, the calculation of the above-mentioned accounting indicators helps firms to determine their strengths and weaknesses in order to improve their management and productivity. Moreover, shareholders and investors will be able to compare the performance with industry rivals for their decision-making on investments or related activities.

### **3.3.2 Independent Variable as Mediator Variable**

#### **1) Competitive Advantage**

Competitive advantage can be characterized as a channel to give a firm and a firm's products or services an edge over its competitors in order to generate greater financial gain and benefit for the firm and its shareholders. The more manageable the competitive edge, the more effort it is for its business opponents to replicate or to catch up with the advantage. In order to stay ahead of competitors,

according to Porter (2008), firms should assess and analyze five competitor forces to help understand the strength and weakness of both their current firms and competitor firms in order to determine whether a business can be an advantage and profitable. Systemically, the five forces that shape industry rivals consist of competitive rivalry within its industry to recognize how intense is the rivalry currently in the marketplace, the high threat of new competitors into an industry and its markets with ease can affect the profit potential for firm, the threat of the availability of a substitute product or service that might capture market capitalization to perceive how easy it is to switch brands, the bargaining power of customers to realize how easy it is for buyers to drive prices down, and the bargaining power of suppliers to recognize how much power a supplier has to drive up prices.

## 2) Corporate Reputation

Reputation is an appraisal by a firm's outsiders of how the firm follows its engagements and complies with its stakeholders' expectations. From the business point of view, corporate reputation can be refer to the reaction of a firm's stakeholders regarding the firm's unique attributes and how well the firm's overall performance supports the socio-political environment. Consequently, firms with better corporate reputations outperform those with unfavorable reputations by attracting investors with firms' long-term growth prospects and firms' ability to achieve broader goals. Further, it will generate more customer and employee loyalty since they are in the position to influence greater productivity at last.

### 3.3.3 Control Variable

#### 1) Authorized Capital

The authorized capital of a firm (sometimes referred to as the authorized share capital, authorized stock, authorized capital stock, registered capital, or nominal capital) is the number of share capital that the firm is authorized by its memorandum of association or as decided upon by shareholder vote to issue and allocate to shareholders and to the public. However, authorized capital may be extensively larger than the shares available to the public, which part of the authorized capital often remains unissued in order to retain a controlling interest in the firm or in case the firm needs to swiftly increase capital. Nevertheless, this number of authorized capital can be changed later with the shareholders' approval.

In regard to stockholding, PLCs may be required to hold a least amount of authorized share capital by the stock exchanges in order to being registered on the stock exchange. For example, the London Stock Exchange requires a PLC to have at least £50,000 of authorized share capital in order to be listed.

## 2) Size of Business

Investigation the different firm performance across industries, the researcher should control size of business, as suggested by Hull and Rothenberg (2008). For this particular study, the researcher aimed to examine the impact of CSR on firm performance across industries, thus the size of business is suitable to apply as a control variable. Apart from business size, business age and leverage would be apply as the significant factors that have an effect on the firm's financial performance as well.

### **3.4 Data Collection Method and Instrument**

Each response to the question will be added up with other associated statements in order to produce a specific point for a grouping data, or it can be analyzed individually. Then, the complete collected data through quantitative and qualitative methods can be analyzed by using statistical program. Moreover, the numbers or percentage of the observations either an individual or grouping statement will be clarified by a percentage or frequency distribution in order to display the list of data in the research. In addition, researcher assumes to use descriptive statistics and other inferential statistics. The type of data collected that fall within the scope of statistics can be distributed into two types as follows.

#### **3.4.1 Primary Data Collection**

The first-hand or original data collected or observed by the researcher for the specific purpose and requirement of the study are called the primary data, which are the main source of the data for the purpose of this study, derived from the respondents. Thus, a structured questionnaire survey for quantitative research method will be conducted as a method of collecting the quantitative primary data, and semi-structured interviews with high-level managers will be organized to collect the qualitative primary data.

In detail, the structured questionnaire survey is a five-point Likert scale comprised of seven sections. The first section covers questions regarding the respondent's background information. The second section addresses specific questions regarding business characteristics. The third section addresses the factors (employee, environment, and community responsibility) that influence the practice of CSR. The fourth section is related to the benefit from CSR activities. The fifth section is related to the consequence of CSR activities. The sixth section addresses the problems and activities' hindrances, and the last section asks respondents for further suggestions. Semi-structured interviews for qualitative research method, afterwards, employ questions that emphasize the impact of CSR on firm performance.

### **3.4.2 Secondary Data Collection**

The primary data additionally obtained through a structured questionnaire survey and interview, the study also includes secondary data for the analysis by collecting information from PLCs' financial annual report for the years 2010-2013 (i.e. TR, NP). As mentioned earlier, a review of previous research on CSR and firm performance, both academic and business backgrounds, had also been examined in order to perceive the development of CSR activity.

## **3.5 Measurement Test**

Measurement testing is one of the principal procedures in research by posing a set of questions in a uniform manner. In both the quantitative and qualitative measuring method, researchers must take into consideration the validity and reliability of the instrument measures in accordance with the literature, as suggested by Glass (1976) and Bryman (1998).

### **3.5.1 Validity**

A validity test is one of the instrument measures to measure what is proposed to measure and how precise the research findings are. According to the American Psychological Association, validity is the purposefulness, felicitousness, and practicality of the specific conclusions made from test scores (American Psychological

Association, 1999: 9). Therefore, validity involves collecting and analyzing data in order to assess the validity of the quantitative instruments. For this multi-method approach study, the structured questionnaire and semi-structured interviews were examined and adjusted by the advisor, a CSR expert, and a statistics expert for appropriate wording and for conformity with the research objectives in order to answer each specific aspect of the study. Validity, then, was considered by involving pretested questions related to CSR involvement.

### **3.5.2 Reliability**

Reliability refers to the consistency and stability of the exact measuring instrument or method, such as survey or observation, and is used to describe what it is intended to measure. The measurement is supposed to have a high reliability of test if it produces twice and have similar results or correlate across time under the consistency of a measure or test, or in other word, reliability coefficient. Kidder and Judd (1986) confirmed that a reliable study could be reoccurred and provide the same results.

The structured questionnaire and semi-structured interviews of this study were designed in order to facilitate in developing a prospective CSR framework form present CSR practices indicated. The questions were formally modified in agreement with the experts' fields of interest. Testing the validity and reliability of a questionnaire and interviews as a standard of quality instrument was then conducted for pre-testing (or piloting) from a small sample of respondents (10 people) apart from the target group before a full-scale research. A pre-test measurement was evaluated by using Cronbach's alpha as a tool to compute and assess the validity and reliability of the questions. In a limited way, use of additional methods to identify any problems was considered inappropriate given the time constraints and budget available. Apart from Cronbach's alpha, factor analysis was used to reassess the questionnaire for further development.

### 3.6 Data Analysis

#### 3.6.1 Descriptive

In order to display the list of data in the research, a percentage frequency distribution from the numbers or percentage of the observations either an individual or grouping data will be explained to specify the list of data in the research. The descriptive statistics often are percentage with standard deviation and average or arithmetic mean, and was used to explain the characteristics of a particular sample as follows.

- 1) The percentage was used for analyzing demographic and background characteristics.
- 2) Arithmetic mean or average value was the average of all values in a data set from a survey that can be used for analyzing the general characteristics of the samples.
- 3) Standard deviation was in relation with the arithmetic mean for analyzing the distribution of the data.

Likert scales were used as response scales to adopt in studied structured questionnaires and in order to obtain the degree of the respondent's opinions and attitudes or the respondent's agreement level with the lists of statements. Methodically, Likert scales are a non-comparative technique and a single dimension, which means a single characteristic which can distinctly be called summative scales. Thus, in each response to the question will be added up with other associated statements in order to produce a specific point for a grouping data, or it can be analyzed individually. Respondents are requested to express their agreement level with a series of statements. However, an individual's attitudes should be classified and measured as ordinal data because the distance between two variables is not necessarily equal. Unless the distance between two variables is constant, then it can be treated as interval data. However, many researchers treat responses as if they were interval data but, in fact, they cannot assume that respondents recognize the difference between adjacent levels to be equal. In reality, from a statistical point of view, this can cause a great deal of bias. According to Jamieson (2000), he straightforwardly considered that there was not anyway to ensure that respondents distinguished the

difference between “agree” and “strongly agree;” alternately, they might observe the difference between “agree” and “neutral.” The average of “fair” and “good” was not “fair-and-a-half,” which was accurate even when one assigned a whole number to represent “fair” and ‘good.’

Methodically, most of the researchers use Likert scales with a five-point Likert scale ranging from “strongly agree” to “strongly disagree” where the “neutral” (neither agree nor disagree) being option in the middle. However, some researchers choose the use of either seven or nine-point scales options that might produce the most informative surveys or might add additional granularity feedback. In addition, even a four-point or other even-point scale is used to produce a “forced choice” scale measurement where the middle option of "neutral or neither agree nor disagree" is removed. Additionally, Allen and Seaman (2007) asserted that Likert scaling was a bipolar scaling method, measuring either a positive or negative response to a statement. Therefore, this study applies Likert scaling techniques to measure the values as follows:

$$\begin{aligned}
 \text{Interval (I)} &= \frac{\text{Rang(R)}}{\text{Clas(C)}} \\
 R = \text{Highest score} - \text{lowest score} &= 5-1 \\
 C = \text{Interval Scale} &= 5 \\
 \text{Interval (I)} &= \frac{5-1}{5} = 0.8
 \end{aligned}$$

As a consequence, the measured of interpretation must explain and specify the score to show how to compute as shown below.

The score from	1.00-1.80	means Strongly Disagree
The score from	1.81-2.61	means Disagree
The score from	2.62-3.41	means Indifferent
The score from	3.42-4.21	means Agree
The score from	4.22-5.00	means Strongly Agree

Thus, the interpretation of the mean score and the standard deviation has been set by a value between 1.00 and 5.00 (between the lowest and the highest). Each level on the scale is assigned a numeric value, starting from 1 and incremented by one for



each level. The following is the level of average scored used to describe the important levels relevant to Likert (1932).

5	=	Strongly Agree
4	=	Agree
3	=	Neutral
2	=	Disagree
1	=	Strongly Disagree

### **3.6.2 Structural Equation Model**

In quantitative data analysis, primary data were accumulated through structured questionnaire survey and then hypotheses were tested on the basis of the useful collected data. The data, obtained in the structured questionnaire survey, were initially fed into SPSS software and the transformation of variables was carried out to make them usable for AMOS. The structural equation modeling (SEM) technique was then applied to analyze the data and to test the hypotheses. The SEM technique, that has its roots in path analysis, is serving as an important tool in developing knowledge which involves recognition of variables and the progress of a theoretical model. Ultimately, the hypotheses were then formulated based on the theoretical model.

As opposed to linear regression coefficients analysis in SEM, that would also be an adequate way of testing the directional relationships between observed and latent variables or independent and dependent variables. Thus, the causal relationships, economic trends in particular, between variables can be analyzed both the cause and the effect, on the other hand, the regression analysis can be examined the relationships at the same time as opposed to individually. Thus, SEM is not a one-size-fits-all model but it is distinguishable into a measurement model which is comparable to factor analysis, and a structural model which relates to dependent variables. Confirmed by Hair, Black, Babib, Anderson and Tatham (2006a), the measurement model examines correlations between the latent variables and their measures; which the measurement model needs to estimate, analyze, and need to be fit before testing a structural model. On the other hand, the structural model visualizes theoretically how latent variables are related to construct variables. In conclusion,

SEM is a confirmatory rather than exploratory data analysis technique to analyze structural relationships. The variables in SEM are associated with a single latent construct and are allowed multiple measures as advised by Hair, Black, Babib, Anderson and Tatham (2006a).

### **3.6.3 Hypothesis Testing**

Hypothesis testing refers to the statistical test that is used by researchers or statisticians to determine enough evidence in a sample data from entire population. The meaningful results of a test, survey, experiment, or observation would lead to accept or reject statistical hypotheses. By way of explanation for the entire population, if one is true, the other must undoubtedly be false.

Hypothesis testing involves in examining the attentive construction of two opposing statements about a population, that is to say, the null or idealized hypothesis and the alternative or experimental hypothesis regarding the variations or consequences that happen in the population. The null hypothesis, denoted by  $H_0$ , is a type of hypothesis that proposes that the observations are the result of pure chance, which researchers need to clearly identify by using previous research. The null hypothesis usually is a statement of "no effect" or "no difference", that is to say, there is no variation exists between variables or in a set of given observations and a population parameter is equal to value of a population parameter. On the other hand, the alternative hypothesis, denoted by  $H_1$  or  $H_a$ , is associated with a theory that the sample observations show a real influence combined with a component of chance variation or some non-random cause. This hypothesis states that the mean and variance of a population is different than the value of a variable in the null, and researcher is trying to prove and assuming to be true or expect to prove to be true.

However, a frequent misunderstanding is that statistical hypothesis tests are intended to choose the two hypotheses. Instead, a test will remain with the null hypothesis or is presumed to be true until there is enough statistical evidence to invalidate the null hypothesis and support an alternative hypothesis.

### **3.7 Ethical Considerations**

According to Zikmund (2003: 72), ethics in business research are “the codes of behavior adopted by a group, suggesting what a member of the group ought to do under given circumstances”. Literally, unethical activities may arise in business research if “there are conflicting perspectives about behavioral expectations”. As a matter of fact, the researcher has considered and concentrated to all features of ethical research issues concerning the rights and dignities of both the researcher and the different respondents in different disciplines that might have affected this study. These aspects were comprised of notifying the research aims and objectives to respondents; keeping away from pressuring and mistreating the respondents; avoiding accusations of plagiarism; preserving respondents’ authority to concealment; reviewing literature with a high competence to the extent of creating perfection research; and shade avoiding of research conclusions (Ticehurst and Veal, 2000; Zikmund, 2003). Additionally, the researcher carefully described the purpose and goal of the research to the respondents and involved the respondents only with their full prior understanding and approval. All in all, the respondents have obtained the informed consent prior to the study in order to avoid any kind of unacceptable behavior or deception. In addition, the researcher fully informed the respondents of the details of the research procedures and how the findings will be used under the circumstances of respecting their rights to anonymity, privacy, and confidentiality throughout the process.

### **3.8 Conclusion**

This section presents the method for testing hypotheses which variables linked the dependent and independent variables. Therefore, this study is suitable for both quantitative and qualitative type of research because the hypotheses predict the effects between both variables. The methods began with samples of public listed companies on the Stock Exchange of Thailand. The purpose of this survey was to determine the respondents’ perceptions of the firm’s CSR involvement for empirical study. Finally, the measurement of each variable, which created a measure from the definitions and that was adapted from prior research, was detailed.

## CHAPTER 4

### RESULTS OF THE STUDY

This chapter will interpret the results of the statistical analysis in order to organize this study and it also presents the findings from the methodical procedures relating to logical reasoning as discussed in chapter three. This chapter is categorized into four segments 1) background information and business characteristics; 2) CSR activities identified with stakeholders: employee, environment, and community; 3) attitudes toward benefits, problems and activities' hindrance in CSR activities; 4) consequence related to CSR activities: firm performance, competitive advantage, and corporate reputation; and 5) the analysis of structural equation model.

#### 4.1 Background Information and Business Characteristics

A total of 200 respondents were selected from various PLCs on the SET; the distribution of the questionnaire survey was however carried out by the outsourced service team and the service provider. After receiving all of the completed questionnaire survey, the collected data customarily processed and stored in the database and that the following results could be generated. A descriptive analysis of the respondents' background information and their firms' business characteristics is presented in Table 4.1 and 4.2.

**Table 4.1** Respondents' Background Information

Background Information	Frequency	Percentage
<b>Gender</b>		
Male	84	42.0
Female	116	58.0
<b>Total</b>	<b>200</b>	<b>100.0</b>

**Table 4.1** (Continued)

<b>Background Information</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Ages</b>		
Below 30 years old	13	6.5
30 - 40 years old	78	39.0
<b>Ages</b>		
41 - 50 years old	93	46.5
More than 50 years old	16	8.0
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Education Level</b>		
Bachelor's degree	57	28.5
Master degree	127	63.5
Doctoral Degree	16	8.0
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Position Status at Current Organization</b>		
Frontline Management	39	19.5
Middle Management	53	26.5
Top Management	75	37.5
Others	33	16.5
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Years of Work in Current Organization</b>		
Less than 5 years	38	19.0
5 – 10 years	48	24.0
11 – 20 years	84	42.0
More than 20 years	30	15.0
<b>Total</b>	<b>200</b>	<b>100.0</b>

As can be seen in Table 4.1, the sample consisted of 116 (58.0%) female respondents and 84 (42.0%) male respondents, ranging from the age of 41 to 50 years with 93 respondents (46.5%), 30 – 40 years with 78 respondents (39.0%), 16 respondents whose age was more than 50 years (8.0%), and below 30 years with 13

respondents (6.5%). The educational background of the respondents was mostly master degree with 127 respondents (63.5%), bachelor's degree with 57 respondents (28.5%) and doctoral degree with 16 respondents (8.0%). Their jobs were top management with 75 respondents (37.5%), middle management with 53 respondents (26.5%), frontline management with 39 respondents (19.5%) and others with 33 respondents (16.5%). Their work experience in the current organization was mostly 11 - 20 years with 84 respondents (42.0%), 5 – 10 years with 48 respondents (24.0%), less than 5 years with 38 respondents (19.0%), and more than 20 years with 30 respondents (15.0%)

**Table 4.2** Business Characteristics of the Respondents

<b>Business Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Industrial Category</b>		
Agro and Food	17	8.5
Consumer Products	16	8.0
Financials	23	11.5
Industries	32	16.0
Property and Construction	50	25.0
Resources	11	5.5
Services	36	18.0
Technology	15	7.5
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Business Model</b>		
Domestic Business	75	37.5
Import/Export Business	28	14.0
Exporting and International Business	97	48.5
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Operating time</b>		
Less than 10 years	24	12.0
10 – 20 years	58	29.0
More than 20 years	118	59.0
<b>Total</b>	<b>200</b>	<b>100.0</b>

**Table 4.2** (Continued)

<b>Business Characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Investment Model</b>		
Domestic	63	31.5
Foreigner	34	17.0
Joint venture	103	51.5
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Authorized Capital</b>		
Less than 500 million Baht	54	27.0
500 – 3,000 million Baht	87	43.5
More than 3,000 million Baht	59	29.5
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Size of business</b>		
Fewer than 100 employees	15	7.5
100 – 300 employees	43	21.5
301 – 500 employees	64	32.0
More than 500 employees	78	39.0
<b>Total</b>	<b>200</b>	<b>100.0</b>
<b>Operating time since listed in SET</b>		
Less than 5 years	13	6.5
5 – 10 years	48	24.0
11 – 20 years	85	42.5
More than 20 years	54	27.0
<b>Total</b>	<b>200</b>	<b>100.0</b>

According to Table 4.2, the results showed that most respondents' companies were property and construction followed by services and industries at the amount of 50, 36 and 32 companies respectively (25.0%, 18.0%, and 16.0%). Most of them were operating in exporting and international business with the amount of 97 companies (48.5%). They have been operating for more than 20 years with the

amount of 118 companies (59.0%) and most of them are joint ventures with the amount of 103 companies (51.5%). Their size of investment was between 500 –3,000 million Baht with the amount of 87 companies (43.5%), which consisted of more than 500 employees with the amount of 78 companies (39.0%) and they have been operating since being listed on the SET for 11 – 20 years with the amount of 85 companies (42.5%).

#### **4.2 CSR Activities Identified with Stakeholders: Employee, the Environment, and Community**

This section will discuss the CSR activities identified with the stakeholders: employees, the environment, and the community. Their means and standard deviations are presented in the following tables.

**Table 4.3** CSR Activities Identified with Stakeholders: Employee, the Environment, and Community

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Employee Responsibility</b>	<b>3.77</b>	<b>0.738</b>
Your firm has intentional arrangements for health, hygiene, safety, and welfare that provide sufficient protection for your employees.	3.82	0.849
Your firm has an employee training and competency development policy.	3.63	0.953
Your firm notifies the employees of their equal rights and benefits within the firm.	3.78	0.882
Your firm systematically indicates the employees of their equal opportunities, i.e. promotions, sharing of information.	3.67	0.926
Your firm builds a good relationship between the organization and employees.	3.94	0.854



**Table 4.3** (Continued)

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Environmental Responsibility</b>	<b>3.70</b>	<b>0.764</b>
Your firm strictly emphasizes environmental law and regulation practices.	3.72	0.925
Your firm seriously improves the environmental impact of products and services, i.e. air and noise pollution, water purification.	3.67	0.914
Your firm clearly supplies clear and accurate environmental information on its products, services, and activities to customers, suppliers, local community.	3.70	0.914
Your firm transparently implements and discloses the firm's operations under ISO 26000: social responsibility.	3.70	0.913
Your firm annually provides CSR report, i.e. sustainability report, business performance under CSR.	3.73	0.862
<b>Community Responsibility</b>	<b>3.81</b>	<b>0.772</b>
Your firm encourages closer ties between the corporation and the community.	3.79	0.900
Your firm invariably provides financial support for local community activities and projects (e.g. charitable donations or sponsorships).	3.90	0.817
Your firm aims at enriching the quality of life within society regarding its needs and expectations.	3.79	0.907

**Table 4.3** (Continued)

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
Your firm constantly participates in the community's development activities.	3.85	0.886
Your firm attentively offers training opportunities to the local workforce and to disabled groups.	3.77	0.874
<b>Corporate Social Responsibility</b>	<b>3.76</b>	<b>0.681</b>

Overall, the CSR activities identified with stakeholders: employees, the environment, and the community were at an agreeable level with a mean of 3.76 and a standard deviation of 0.681. The components of CSR which were employees, the environment and the community responsibility were also at an agreeable level of attitudes with a mean of 3.77, 3.70 and 3.81 respectively.

Three statements that had the highest mean were the following: “Your firm builds a good relationship between the organization and employees,” with a mean of 3.94; “Your firm invariably provides financial support for local community activities and projects (e.g. charitable donations or sponsorships),” with a mean of 3.90; and “Your firm constantly participates in the community's development activities” with a mean of 3.85.

Three statements that had the lowest mean were “Your firm has an employee training and competency development policy” with a mean of 3.63; “Your firm systematically indicates the employee of their equal opportunities, i.e. promotions, sharing of information;” and “Your firm seriously improves the environmental impact of products and services, i.e. air and noise pollution, water purification,” with a mean of 3.67.

Despite the focus on CSR in the research questionnaire, the benefits from CSR activities, and problems and activity hindrances were also included, which will be summarized in the following tables.

### 4.3 Benefits, Problems and Activity Hindrances in CSR Activities

Regarding the respondents' attitudes toward the benefits and problems in the CSR activities, their means and standard deviations are presented in the following tables.

**Table 4.4** Benefits, Problems and Activity Hindrances in CSR Activities

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
Benefit to financial condition of the firm.	3.76	0.920
Increasing organizational competitive advantage.	3.96	0.887
Enhancing good reputation and organizational image.	3.83	0.798
Minimizing conflicts to customers.	3.94	0.886
Implementing ISO26000: social responsibility	3.49	1.002
Reducing cost and resource efficiency.	3.94	0.886
Customers' perceptions are acceptable.	3.89	0.884
<b>Problems and Activity Hindrances in CSR activities</b>		
Top management cooperation	3.94	0.878
Employee cooperation	3.98	0.859
Operating budget	4.05	0.785
Personnel in charge of the project	3.97	0.808
The collaboration of all stakeholders	3.98	0.856

According to Table 4.4, the respondents' attitudes toward the benefits and problems in CSR activities showed that all of the questionnaire items were at an agreeable level. The benefits that most respondents considered were "increasing organizational competitive advantage," "minimizing conflicts to customers," and "reducing cost and resource efficiency," with a mean of 3.96, 3.94 and 3.94 respectively. On the other hand, "implementing ISO26000: social responsibility,"

“benefits to financial condition of the firm,” and “enhancing the reputation and organizational image” had the lowest means compared to others, with a mean of 3.49, 3.76 and 3.83 respectively. For the problems and activity hindrances in CSR activities, most respondents agreed with an operating budget at most with a mean of 4.05, followed by employee cooperation and the collaboration of all stakeholders with the same mean of 3.98. Personnel in charge of the project and top management cooperation had the lowest means compared to the others with a means of 3.97 and 3.94 respectively.

#### **4.4 Consequences Related to CSR Activities: Firm Performance, Competitive Advantage, and Corporate Reputation**

A final interested inquiry is the consequence related to the CSR activities concerning businesses’ firm performance, competitive advantage and corporate reputation. The results and summary of the mean value and standard deviation of all the parameters for the entire samples are presented in the following tables.

**Table 4.5** Consequences Related to CSR Activities: Firm Performance, Competitive Advantage, and Corporate Reputation

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Firm performance</b>	<b>3.44</b>	<b>0.912</b>
<b>Privilege:</b> Your firm continues to make a profit from sales and services and achieves its goals.	3.41	0.988
<b>Marketing Growth:</b> Understanding the demand side of the market when working with the firm’s stakeholders.	3.49	0.977
<b>Positive Return:</b> Your firm’s return is positive according to its average rate return each year.	3.43	1.039

**Table 4.5** (Continued)

<b>Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Competitive advantage</b>	<b>3.93</b>	<b>0.615</b>
<b>Stakeholder's Creditability:</b> Firm's ability to effectively manage its stakeholder relationships and business arrangements.	3.99	0.740
<b>Customer's Perspective:</b> Customers perceive that the firm delivers the highest quality work in an efficient manner.	3.96	0.740
<b>Business's Aspect:</b> Your firm realizes the benefits of public and private partnerships regarding social welfare development.	3.85	0.777
<b>Corporate Reputation</b>	<b>3.68</b>	<b>0.818</b>
<b>Confidentiality:</b> Your firm is credited by a state agency and other private organizations in terms of its moral management practices.	3.77	0.889
<b>Praise:</b> Your firm is trusted by customers regarding its moral management practices.	3.63	0.974
<b>Opportunity:</b> Preventing customers from switching to alternative products and services or unethical firms.	3.65	0.944

Ultimately, summary of the mean value and standard deviation of all the parameters for the entire samples will help to understand the outcome of the statistical analyze as shown in Table 4.6.

**Table 4.6** Summary of the Mean Value and Standard Deviation of All the Parameters for the Entire Samples.

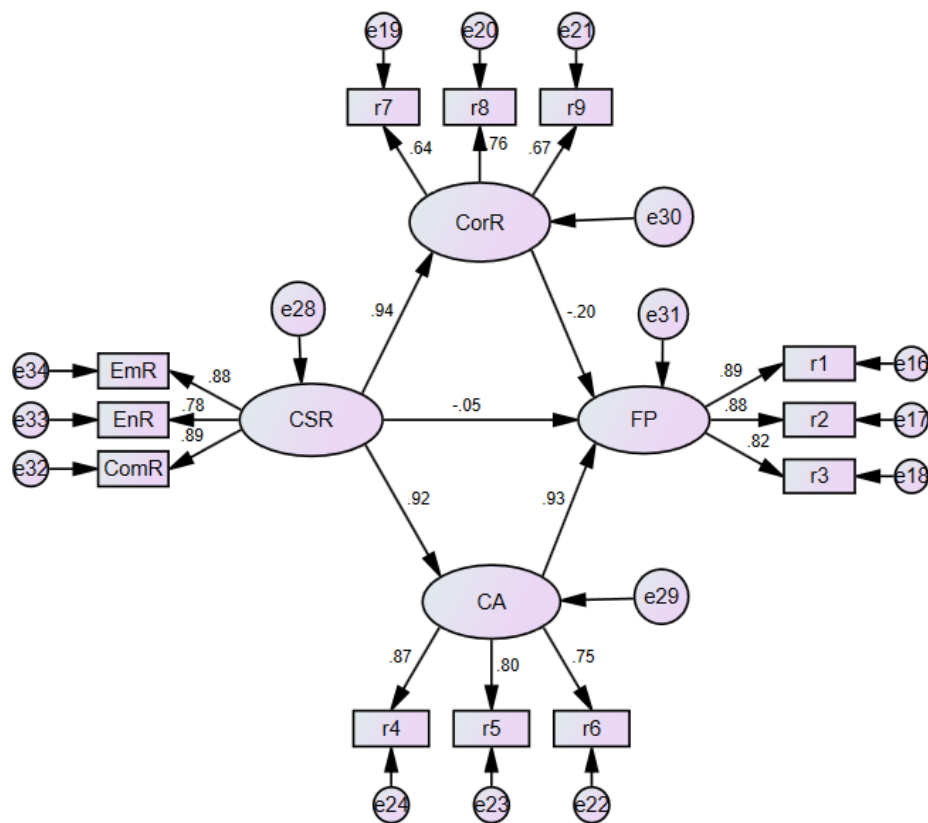
	<b>Firm Performance</b>				<b>Competitive Advantage</b>				<b>Corporate Reputation</b>	
	<b>Privilege</b>	<b>Marketing Growth</b>	<b>Positive Return</b>		<b>Stakeholder's Creditability</b>	<b>Customer's Perspective</b>	<b>Business's Aspect</b>	<b>Confidentiality</b>	<b>Praise</b>	<b>Opportunity</b>
<b>Mean</b>	3.41	3.49	3.43		3.99	3.96	3.85	3.77	3.63	3.65
<b>Standard Deviation</b>	0.988	0.977	1.039		0.740	0.769	0.777	0.889	0.974	0.944

According to Table 4.5 and table 4.6, the respondents' attitudes toward the consequences related to CSR activities: firm performance, competitive advantage, and corporate reputation were all at an agreeable level with a mean of 3.44, 3.68 and 3.93. Three statements that had the highest mean were all in the competitive advantage, which were "stakeholder's creditability: firm's ability to effectively manage its stakeholders relationships and business arrangements" with a mean of 3.99; "customer's perspective: customers perceive that the firm delivers the highest quality work in an efficient manner" with a mean of 3.96 and "business's aspect: your firm realizes the benefits of public and private partnerships regarding social welfare development" with a mean of 3.85.

On the other hand, three statements that had the lowest mean were all in firm performance category, which were "privilege: your firm continues to make profits from sales and services and achieves its goals" with a mean of 3.41, "positive return: your firm's return is positive according to its average rate return each year" with a mean of 3.43; and "marketing growth: understanding the demand side of the market when working with the firm's stakeholders" with a mean of 3.49.

#### 4.5 The Analysis of the Structural Equation Modeling

Methodically, in quantitative data analysis, SEM enables the investigation and the estimation of causal relationships. According to Hair et al. (2006), SEM is recognizable into a measurement model that analyzes the quality of how the constructs relate to each other, and a structural model conceptualizes the relationships between the constructs. Figure 4.1 portrays the SEM path diagram of the model structure along with the output for hypothesized relationships in the proposed model.



**Figure 4.1** Structural Equation Modeling of CSR on Firm Performance, Competitive Advantage, and Corporate Reputation

**Note:**  $\chi^2(49) = 114.887$ ,  $p < .001$ ; CFI = 0.959; GFI = 0.919, RMSEA = 0.082

As a matter of fact, there are many measures of fit for confirmatory factor analysis in SEM to assess how well the proposed measurement model captures the

covariance between all of the items or measures in the model. Thus, several statistical tests must be provided to determine the adequacy of the model fit with the data. Therefore, the estimated model has been modified by deleting parameters that were not significant and by adding parameters that improved the fit. In order to provide information considering a plausible explanation for the relations with the latent factors through SEM, it is normally expected that the measure of absolute fit indices includes, RMSEA, Chi-square, the degrees of freedom, goodness of fit, and the probability of the chi-square must always be reported.

From Figure 4.1, the significant parameter estimates and factor loadings were examined on the impact of CSR on firm performance via intermediary routes of competitive advantage and corporate reputation in order to determine the significance of each path coefficient and the estimation of regression weight. Table 4.7 then presents each parameters the figure including unstandardized, standardized, and significance levels of the model that will eventually give the results for all variables and control variables.

**Table 4.7** Unstandardized, Standardized, and Significance Levels of the Model

<b>Parameter Estimate</b>	<b>Unstandardized</b>	<b>Standardized</b>	<b><i>p</i></b>
<b>Measurement Model Estimates</b>			
CSR → Employee Responsibility	0.947	0.878	0.000**
CSR → Environment Responsibility	0.868	0.778	0.000**
CSR → Community Responsibility	1.000	0.887	Na
Corporate Reputation → r7	1.000	0.640	Na
Corporate Reputation → r8	1.226	0.755	0.000**
Corporate Reputation → r9	1.106	0.674	0.000**
Competitive Advantage → r4	1.098	0.869	0.000**
Competitive Advantage → r5	1.104	0.799	0.000**
Competitive Advantage → r6	1.000	0.749	Na
Firm Performance → r1	1.000	0.886	Na
Firm Performance → r2	0.986	0.883	0.000**
Firm Performance → r3	0.977	0.823	0.000**



**Table 4.7** (Continued)

Parameter Estimate	Unstandardized	Standardized	<i>p</i>
<b>Structural model</b>			
CSR → Corporate Reputation	0.651	0.916	0.000**
CSR → Competitive Advantage	0.942	0.941	0.000**
CSR → Firm Performance	-0.059	-0.046	0.926
Corporate Reputation → Firm Performance	-0.373	-0.202	0.611
Competitive Advantage → Firm Performance	1.153	0.927	0.000**

**Note:**  $X^2(49) = 114.887$ ,  $CMIN/DF = 2.345$ ,  $CFI = 0.959$ ,  $GFI = 0.919$ ,  $RMSEA = 0.082$

The results from the analysis of the structural equation model in this research show the factors that had an influence on firm performance, and the hypotheses of this study have been set as follows.

H1: CSR has no positive impact on firm performance. This hypothesis could not be rejected as the test results showed no significant relation between CSR and firm performance and when considering the regression weight, which showed a negative relation between them, and therefore it could be said that CSR has no positive impact on firm performance. However, this result can be regarded as a preliminary examination about the impact of CSR on firm performance in particular which the analysis of financial ratio and the qualitative research will be used in the further step in order to provide a more promising research study.

H2: CSR has a positive impact on competitive advantage. This hypothesis was rejected as the test results showed a significant relation between CSR and competitive advantage and when considering the regression weight, which showed a positive relation of 0.942, therefore it could be said that CSR has a positive impact on competitive advantage. According to Hair, Bush, and Ortinau (2006b), CSR could be a business tool to gain the favor of loyal customers that could outweigh business

competitor. This is relevant to Porter and Kramer's research (2006), businesses that were striving to integrate their core competencies with social investment tend to gain advantage on their market position over industry rivals. This advantage through the pursuit of social action would result in generating impressive sustainable performance and enhancing social values in the meantime. Further, Branco and Rodrigues (2006: 116) suggested that CSR should be treated as the business case to integrate CSR norms in firm's operation. Possibly, CSR involvement might bring the possibility of financial gains and some kind of competitive advantage, such as improve firm image, or attract socially sensitive customers. Similarly relevant to the surveying of AMP Capital Investors rating technique (AMP Capital Investors, 2005), that analyzed the financial performance of the approximately 300 Australian PLCs during a 10-year period. The survey determined that PLCs with a higher corporate social responsibility rating outperformed PLCs with a lower corporate social responsibility rating by more than 3.0 percent per annum over a 4- and 10-year period.

H3: CSR has a positive impact on corporate reputation. This hypothesis could be rejected as the test results showed a significant relation between CSR and corporate reputation and when considering the regression weight, which showed a positive relation of 0.651. Therefore, it could be said that CSR has a positive impact on corporate reputation. Regarding corporate reputation in the eyes of all relevant firms' stakeholders (customers, employees, suppliers, managers, creditors, media and communities), they believed that firms would keep their promising in caring about and concern for innocuous activities and the pursuits of their stakeholders. Obviously, reputation management could be adopted to manage reputation as a strategic tool for both internal and external activities. As suggested by Adkins (2005), a good reputation or cognition, social concerns in particular, is important to a business because customers or stakeholders would have a positive perception and feeling about ethic business. Relevant to the previous study by Creyer and Ross in 1997, they indicated that socially sensitive consumers have a positive perception and prefer to purchase products or services from the favorable socially responsible firms. Regarding McGuire et al.'s interest (1988), they studied the association of CSR actions and firms' reputation by using accounting-based measurement of stock market gains during previous financial year. They found that reputation on firms' CSR

involvement could produce a better return of stock market. Additionally, Spicer (1978) and Porter and van der Linde (1995) stated that CSR activities could generate reputational benefits, such as new market opportunities for existing products or services, developments in investors' and customers' trust, and positive returns to financial growth. Furthermore, Brammer et al. (2006) examined the connection between firm's CSR reputation marketing performance and CSR activities and discovered that there was both positive and negative effect in heterogeneous industries, such as individual used and industry used. Later in 2010, Smith et al. studied the firms' economic and financial advantage from being socially responsive firms, and discovered that firms' market capitalization appeared to be larger than irresponsible firms. This is similar to annual Fortune magazine's survey of America's most admired companies on CSR reputation and the samples of firms are equal in characteristic and size of industries. The survey found that firms with prominent CSR reputation eventually obtained a weighted average market capitalization incentive of \$1.3 billion. Ultimately, this result has a consequence for the firm that reputation on CSR is the primary criteria for consumer choice to evaluate the firm's value in order to support the firm's outputs.

H4: Competitive advantage has a positive impact on firm performance. This hypothesis could be rejected as the test results showed a significant relation between competitive advantage and firm performance and when considering the regression weight, which showed a positive relation of 1.153. Therefore, it could be said that competitive advantage has a positive impact on firm performance. A healthy debate among strategy scholars, for instance; Porter (1985); Wang and Lo (2003); and Morgan et al. (2004), has supported the notion that competitive advantage could lead to superior performance. Competitive advantage has been broadly used as a strategic management tool in the sense that consumers would attach to ethical products or services and be willing to pay similar prices or even higher prices. Consequently, firms could take an advantage over industry rivals regarding productive opportunity and cost leadership in order to place firms at a higher market position and to create preferable economic value added in the long run.

H5: Corporate reputation has no positive impact on firm performance. This hypothesis could not be rejected as the test results showed no significant relation

between corporate reputation and firm performance and when considering the regression weight, which showed a negative relation between them. Therefore, it could be said that corporate reputation has no positive impact on firm performance. However, reputation is difficult to assess and it is still more difficult to measure the extent to which it increases the firm's value. However, some firms have developed measurement methods of benefits from their CSR proclamations; thus comparable techniques should be able to be employed with regard to corporate reputation. Nevertheless, in the recent modern competitive market, a fine corporate prestige and profile have become more significant and need to be safeguarded. Simply put, irresponsible firms might be punished and disregarded by their stakeholders, and this would result in firms' financial distress. In addition, Roberts (2003) supported that firms of poor responsibility may obtain an uncomplimentary public perception that, in turn, discredits their products and services.

#### Discussion

Since the test results showed no significant relation between CSR and firm performance, it could be said that CSR has no positive impact on firm performance. To be more explicit concerning the issue of the impact of CSR on firm performance, additional investigation was carried out by using financial ratio (return on assets, return on equity, total assets, total liabilities, total revenue, and net profit of 2010-2013) as shown in Appendix E to perform a regression on CSR and firm performance. The regression results revealed that each of the models was not significant at  $p \leq 0.01$ ). Thus, it could confirm a negative impact of CSR on firm performance determining the critical levels of indicators. The results of these tests were as shown on Table 4.8.

**Table 4.8** Regression Results from Regressing CSR and Firm Performance for the Year 2010-2013

Corporate Social Responsibility	Unstandardized		Standardized	t-test	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
Panel 1: 2010					
(Constant)	3.953	.067		59.245	.000
ROA	-.003	.005	-.052	-.624	.534
ROE	.000	.000	.117	1.493	.137
TOTAL ASSET	-2.602	.000	-.406	-.491	.624
TOTAL LIABILITIES	1.045	.000	.901	1.458	.147
TOTAL REVENUE	-9.319	.000	-.210	-.824	.411
NET PROFIT	-1.715	.000	-.207	-.827	.409
F = 1.330	p = .245	R <sup>2</sup> = .039		adjusted R <sup>2</sup> = .010	
Panel 2: 2011					
(Constant)	3.919	.060		65.601	.000
ROA	.002	.005	.039	.431	.667
ROE	-.001	.001	-.130	-1.535	.126
TOTAL ASSET	-3.046	.000	-.535	-.495	.621
TOTAL LIABILITIES	7.188	.000	.703	.848	.397
TOTAL REVENUE	8.306	.000	.024	.104	.918
NET PROFIT	-8.103	.000	-.113	-.427	.670
F = 1.100	p = .364	R <sup>2</sup> = .003		adjusted R <sup>2</sup> = .032	
Panel 3: 2012					
(Constant)	3.937	.060		66.139	.000
ROA	.000	.004	-.015	-.180	.857
ROE	.000	.000	-.023	-.302	.763
TOTAL ASSET	-4.613	.000	-.952	-1.180	.240
TOTAL LIABILITIES	8.277	.000	.954	1.478	.141
TOTAL REVENUE	-1.147	.000	-.038	-.178	.859
NET PROFIT	8.378	.000	.123	.507	.613
F = .589	p = .739	R <sup>2</sup> = .018		adjusted R <sup>2</sup> = -.012	

**Table 4.8** (Continued)

Corporate Social Responsibility	Unstandardized	Standardized	t-test	Sig.	
	Coefficients	Coefficients			
	B	Std. Error			Beta
Panel 4: 2013					
(Constant)	3.971	.062	63.865	.000	
ROA	.000	.008	.003	.028	.977
ROE	-.004	.004	-.140	-1.086	.279
TOTAL ASSET	-2.774	.000	-.641	-.860	.391
TOTAL LIABILITIES	4.053	.000	.526	.926	.356
TOTAL REVENUE	1.421	.000	.048	.223	.824
NET PROFIT	1.188	.000	.166	.751	.453
F = .732	p = .624	R <sup>2</sup> = .022	adjusted R <sup>2</sup> = -.008		

## 4.6 Conclusion

This chapter presented the findings for all of the questions, which were discussed and compared to the literature before the final conclusion on the research problem was drawn. Particularly, the finding of H1 as the main purpose of this study indicated that CSR has no positive impact on firm performance. However, this result can be regarded as a preliminary examination about the impact of CSR on firm performance in particular. In order to substantiate and enhance the quality of this finding, the qualitative approach will be conducted in the further step in order to provide a more promising research study since there were similarities among the respondents' perception of reality.

## **CHAPTER 5**

### **TRIANGULATION**

In consideration of heightening the quality of this study, it was thought to be more advantageous to use a mixed-method approach with regard to balancing the drawbacks of quantitative and qualitative research. Additionally, it will grasp the full extent of plausible results and increase the overall strength of this study regarding the validity of data. As Creswell (2009: 4) stated, the qualitative research method often designs to obtain an extensive comprehension of attitudes, opinions, and ideas from target participants, which causes people perceptions and actions. Qualitative research method claims to get closer to the subjects' perspective, particularly in emerging research areas. Thus, semi-structured interviews triangulated with organizations' documentation regarding CSR activities were conducted and analyzed by means of content analysis in this study. Furthermore, observation was also a crucial part of the data triangulation in this study, if available. As a consequence of the time available and limited resource of this study, observational study of individuals or each of these unit of analysis in the circumstances was not feasible even though the advantages of exercising observation were obvious. However, the researcher attempts to stay away from any prejudice by serving as a limit to the overall sampling or observed managers even though this may obviously affect the methodological consistency. Moreover, the researcher was concentrated more on contextually observing participants since the preliminary technique of data collection was interviewing. As suggested by Miles and Huberman (1994: 4), they emphasized that the linkage between social actions and social facts, as an integrated part of social actions, could result in social meaning acquired from people's routine life.

In demonstrating the quality and kinds of units of analysis required to accomplish this study, the researcher made use of a comparative method, which allowed choosing illustrations that represented or that were presumed to possess different perspectives of the subject of this study. The findings were then compared

and their differences might have arrived at the same conclusion or might have yielded incompatible results.

The main purpose of the interviews was to gain a better and deeper understanding of the participants' perceptions of how CSR activities towards stakeholders affected their firm performance and whether their operational and CSR commitments coexisted within the financial situation of their firms.

## **5.1 Qualitative Questions**

In order to discover the participants' perceptions concerning how CSR activities towards stakeholders affected their firm performance, the following issues and questions were being examined:

- 1) CSR Implementation
  - (1) What is the area of social responsibility for your firm?
  - (2) What are the main driving forces behind your firm's CSR efforts?
- 2) CSR and Stakeholders
  - (1) Who are your important stakeholders?
  - (2) How does your firm engage stakeholder?
- 3) CSR Benefit
  - (1) Why has your firm decided to get involved in CSR?
  - (2) What benefits have you realized from the CSR activities to your firm?
- 4) CSR and Firm performance
  - (1) How has CSR impacted your firm and financial performance?
  - (2) Has CSR enhanced or burdened your firm and its financial performance?

## **5.2 Participant Selection**

The units of analysis were PLC high-level managers from selected industries in SET that are directly and indirectly associated in the firms' CSR activities. In



accordance with the visibility of their firms and their socially-responsible activities, the selected industries included agro and food, consumer products, financials, industries, property and construction, resources, services, and technology. These industries' organizational structure varied: some firms had the limitation on management and an amount of employees, while the others had various international subdivisions with different departments. Turnover was respectively ranged from a thousand million Baht to over twenty thousand million Baht. With a variety of organizational sizes, employees, and asset turnovers, these approaches were studied through the focal point of this study and their involvement in the firms' CSR activities. This may clarify whether there is homogeneity or heterogeneity in CSR-related outcomes in the organizations within SET. However, in order to stay away from prejudice by only determining recognized CSR contributors, the decision has been made to involve firms that have not yet been recognized as having strong CSR implementation.

Through the business connections, the researcher was able to locate twelve high-level managers from different selected industries and different departments of organizations as participants. These high-level managers included brand managers, marketing managers, HR managers, and finance Managers, some managers working at the headquarters while some on site. Due to the research scope and constraints, this sampling did not entirely appear for CSR involvement in the SET, although an effort was made to sample the broadest variety of industries and their business managers feasible within the scope of this research. As Glaser and Strauss (1967) explained "the purposive method of sampling is complemented by the comparative method of sampling, which allows choosing instances representative of different aspects of reality." Therefore, choosing a variety of different managers from mixed industries and different hierarchical levels of organizations, that were defined as the persons behind the process of choosing and implementing socially-responsibility action would be able to help understand firms and their CSR activities as a whole. As Hales (1987) summarized, it needed to make clear that the role of managers are commonly supposed to be more finance-oriented and operation-oriented management. Thus, shareholders or owners demanded an effective management that differed in degree of uniformity and complementarity. According to Das (2001), there is an awareness that

various managers of a comparable responsibility set may engage different prospects of the role they play, particularly with regard to the focal role-player, in this case the CSR-concerned activities. Thus, all of the participants fulfilled the criterion of being managers.

With reference to confidentiality, the useful information obtained from the interviews and discussion was included in this study without any reference to the participants' names, participants' firms, or job positions. Reference to the participants and participants' positions was coded and presented in Table 5.1.

**Table 5.1** Coding of the Participants' Position in Organizations

No.	Position in Organization	Code
1.	Brand Manager	BM
2.	Marketing Manager	MM
3.	HR Manager	HM
4.	Finance Manager	FM

As can be seen from this table, the participants' positions in the organizations' hierarchy formed a heterogeneous sample, which allowed the researcher to explore the perceptions toward CSR exhibited by them at different managerial levels. The analysis of managers' attitudes and perceptions with regard to CSR activities is presented further in this study with appropriate characterizations and classifications.

### 5.3 Method of Data Collection

The method of collecting primary data applied in this study included semi-structured interviews and contextual observation, where applicable. In fact, there is growing evidence that academic and business researchers are convincing with the interviewing method to collect the data and employ observation as a supplementary to obtain additional data. Saunders et al. (2012: 347) pointed out the basic types of qualitative research interview, these are: structured interview, unstructured interview, and semi-structured interview that are particularly considered to be the most

advantageous for this study. A semi-structured interview method is likely to assist in defining and obtaining the extensive information and idea of the different managers' responses together with understanding a specific organizational context around the research topic. According to Miles and Huberman (1994), the semi-structured interview method seems to provide a less prejudiced approach for the researcher and enable to expand the complete conclusions. Thus, the researcher is capable of capturing new visions and ideas from the participants by giving the participants an opportunity to diverge from a set of particular research questions within the area of the interview pattern. Furthermore, Easterby-Smith et al. (1991: 78) suggested that researchers should avoid disconcerting participants with the particular concept of the research interviews that make some of the participants feel investigated. Therefore, the interview approach was originated in the conversation type agreement that allowed the participants the probability of being less tense and expressing their opinions in a more personal way. In addition, some participants might eventually feel more satisfied in discussing about the particular topic with the possible for straightforward exchange. This is relevant to Patton (1980: 197) who suggested that open-ended question interviews could be classified into three different types, these are: the general or semi-restrictive interview guide approach, the informational conversational interview, and the structured open-ended interview. Thus, this study has employed the semi-restrictive interview guide approach as it could initiate particular inquiries in order to achieve the primary interview objective but yet allow the participants to be at ease to ask question and talk about what they desired to know within the subjects.

Based on Miles and Huberman (1994), a variety of interviews in this study were employed as follows:

- 1) Face-to-face interviews employing a semi-structured format. This method of interview is given participants' approval which designates setting the agenda of the interview and asking supplementary questions in order to elaborate on the discussion. This way, the researcher can examine more profoundly into the issues resulting from the answers.

- 2) Telephone interviews employing a semi-structured format and conducting over the phone. Unlike a face-to-face interview, there are some

limitations to this method, such as missing body language or key communication between the researcher and the participant that can lead to misunderstanding, and the lack of access to the participant's environment results in a loss of non-verbal clues and interaction between the interviewer and interviewee. Thus, telephone interview will be treated as an option if face-to-face interview cannot be engaged.

Last, Lamnek (1989) instructed that the preliminary stage of analyzing the qualitative interview data can be organized around two key activities: analysis of transcript or "indexical" for examining and integrating of the outcomes, and "generalized" with recognition of dissimilarity and conformities for the evolution of classifications. More specifically, Blaikie (2009: 24) stated that the core activity of any research project is to collect the useful and important data by any methods, this study, in particular, concentrated on transcribing the interviews. That means, the researcher should transcribe all of the detailed data from participants' interviews that researcher asked the specific questions and carefully listened during the interview. The management of data transcription is an integral process to capture of what participant's interview into text or wording, as suggested by Saunders et al. (2012: 550). The transcriptions were the written words from the interviews that one wrote down, memorized or captured the words with a recording device, if permitted. This aligns with Bryman and Bell (2011: 482), who proclaimed that immediate transcribing after the interview could make it easier for researcher to memorize and succeed in collecting the overall interviews. Though transcribing is taking a lot of time, however it is distinctly helpful in giving researchers a wealth of information, and ultimately helping to easily perform the useful data analysis.

Due to the sensitive nature of this study (monetary matter), considerable observation was paid to a moral use of all of the useful data, the reverences for participants' confidentiality and privacy, and informed consent prior to publishing. Informed consent aimed to provide a formal permission from participant before conducting the interviews, and it based upon a clear acknowledgement, appreciation and confidentiality. Thus, the statement of informed consents, as attached in Appendix F, that is developed by the researcher are handed out to each participant prior to the discussions/interviews.

## 5.4 Negotiation of Access to Participants

Negotiations aimed at accessing the research participants took place over the course of several months and the researcher faced numerous difficulties acquiring access to them. Difficulties on gaining access to the participants included: participants had busy schedules, which affected the flexibility of time-lining these interviews, participants' availability and willingness to take part in the study, their preconceptions concerning the subject of the study, and time consumption. Bryman and Bell (2011: 7) stated that researcher requires a suitable action plan and opportunity to gain access in order to collect the information and data needed. Therefore, the researcher was able to gain access to the participants through several business connections with whom familiar with the organizations and managers. Nevertheless, it took an amount of time to make contact with the selected participants.

By approaching potential participants through connections, arranging interviews and creating rapport with participants were accomplished by way of both formal and informal arrangements through connections along with telephone conversations. After that, a letter with an overall view of the research assignment and the topics for the interviews, as presented in Appendix G, was sent to all of the participants. There were instances of incident to be found, some participants felt uncomfortable in attending face-to-face interview but prefer to answer in written questions. However, the research might not be able to gain a total quality and purity of the answer and to observe the participants, so the researcher politely declined such action.

Regarding the method of collecting the data, in interviewing process there is the chance that participants will respond according to their judgment of what would receive an advantage for them the most. There is also the risk that participant either may not want to indicate contrary answers or intentionally give qualitative inadequate answers both of which misrepresent the truth. Moreover, participants may seriously feel nervous or unpleasant and under sentimental tension through the kind of sensitive questions they are supposed to respond, especially those concerning money matters. As a matter of fact, the participants were primary notified that the consequences were managed for educational contribution, according to which the probability of affecting

the firm's financial health or leading to competitor contact was rather small; thus the risks of prejudiced answers could also be considered insufficient.

## **5.5 Qualitative Data Analysis**

In consideration of obtaining the empirical findings from the qualitative approach and getting deeper understanding of the awareness of heterogeneous managers regarding the impact of CSR actions on firm and financial performance, the researcher chose to employ certain questions for everyone. Further, in order to get further in depth information, the researcher had asked followed-up questions, if relevant. At the beginning of the interview process, the researcher gave participants a broad overview of the main focus and subject of the study and let them know that the researcher would not search for any sensitive or personal information, and that their names and organization would remain unidentified. The collected data were then revealed what different participants responded within the same subjects and then the data were analyzed relating to shareholder and stakeholder theory that were preliminary illustrated in the theoretical framework chapter.

### **5.5.1 Overview of Participants**

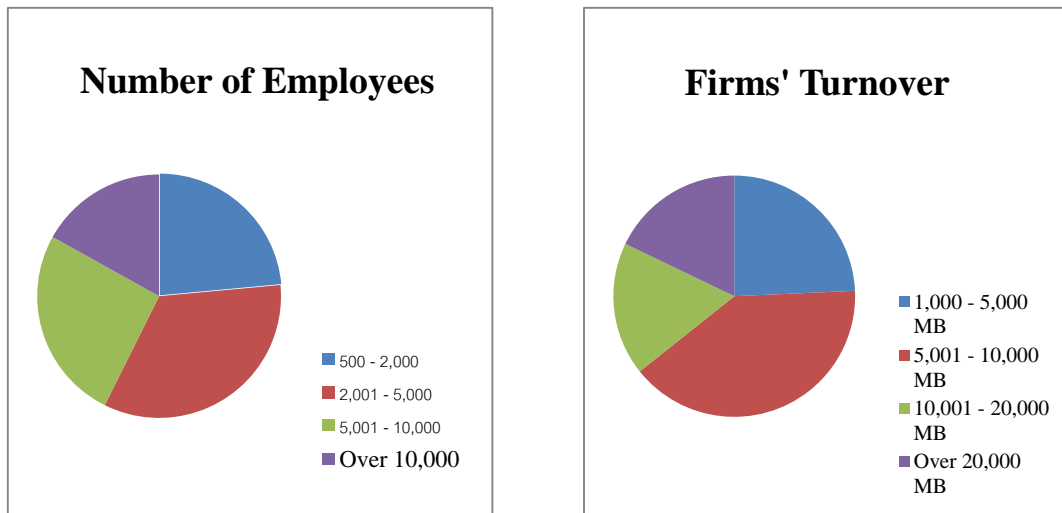
In this conducted interview, the participants were referred to as interviewees and then a given code was constructed for each interviewee. From Table 5.2, there were a total of twelve interviewees from different industries.

As can be seen from Table 5.2, there were a total of twelve interviewees from different industries. The interviewees' positions in the organization's classification formed a diverse sample, which allowed the researcher to examine the perceptions toward CSR revealed by the high-level managers at different managerial levels. Eventually, nine of them were conducted face-to-face interviews where the rest were conducted over the phone.

**Table 5.2** Coding of Participants from Heterogeneous Industry Groups

Participants' Code	Industry								
	Agro and Food	Consumer Products	Financials	Industries	Property and Resources	Services	Technology		
BM1		/							
BM2					/				
MM1	/								
MM2				/					
MM3					/				
MM4		/							
HR1						/			
HR2						/			
FM1						/			
FM2							/		
FM3			/						
FM4						/			
	1	2	1	1	2	2	2	1	

For the industries' characteristics, there were varied in number of employees and firms' turnover as shown in Figure 5.1. From the figure, the selected firms were medium to large industries with the majority of two thousand employees or more and having an annual turnover of five thousand million Baht or more. The majority of interviewees had management and financial education backgrounds, and it was clear that these fields were thoroughly known and broadly acknowledged in the business environment. Despite this, the majority of the interviewees was familiar with and/or were involved in CSR activities as part of their duties and responsibilities; thus, the interviewees had an explicit picture of what CSR activities represent. CSR, according to their knowledge, referred to impractical perspectives on organizations operating actions that protected and improved stakeholders and society's prosperity apart from the requirement to fulfill the wealth of shareholders and the overall economic.



**Figure 5.1** Industries' Characteristics

The interviews began from given specific questions yet allowed the interviewees to feel free to organize their answers in their own way within the themes. However, there were instances where the extent of the discussions/interviews differed from the originally considered ones, depending on the interviewees' expertise and in accordance with their circumstances and the focal point of their businesses.

### 5.5.2 CSR Implementation

When triangulating with these organizations' publicly available CSR documentation, several interviewees underlined the heterogeneity of their CSR implementation and social commitments. Some interviewees referred to the area of social responsibility to their firms' values, ethics, practices and their personal moral stances. It was apparent that the varieties of CSR activities were listed as philanthropic or charitable donations for worthy causes; social commitment to local communities; customer awareness; concern for the employees and their families; compliance with environment; and closely connect to the daily or operational business activities which were summarized in Table 5.3.



**Table 5.3** Area of Social Responsibility

No.	Area of Social Responsibility
1.	Donations to charities;
2.	Projects in local communities;
3.	Improving employees' and their families' wellbeing;
4.	Providing safer and reasonable price products to customer;
5.	Respecting business partners/contractors/suppliers;
6.	Environment protection;
7.	Developing and implementing new technologies;
8.	Avoiding corruption;
9.	Compliance with legislation.

While the BM1 expresses the idea that the main driving force behind a firm's CSR efforts is the considerable thing that all responsive businesses normally do and it would be grateful for all firms to play a part in supporting society. Relevant to Freeman (1984), he prior designated that CSR is a demonstration of firms' contributions to various stakeholders' interests involving a great deal of social attentions. Although some interviewees identified their checklist of CSR activities by specifying particular CSR projects or action plans they were participated in, these were predominately representative of larger organizations and the particular industries that socialized with society. From a different viewpoint, other interviewees thought of the commercial and business perspective of CSR, which was mostly business performance driven and seen as a strategic marketing tool for the turnover of many firms. MM1, for example, specified CSR as a marketing tool to raise the firm's kindhearted profile as a part of securing potential profits (sales). Additionally, MM2 confirmed that there was no such thing as "right" or "wrong" regarding the application of CSR as a marketing and public relation tool. It actually is moral relativism. Similarly, FM1 was more serious of the concept and portrayed CSR as a means for affecting the firm's profits. However, some interviewees mentioned that they would consider CSR if the proposed activities were connected to their industries or interacted with the firms. Clearly, Campbell (2007: 951) summarized that CSR

was a set of minimum behavioral standards that were determined on performing to stay away from mistreat to firms' stakeholders or correcting it if such mistreat was brought on. Last, CSR implementation would depend from the size of the firm and its operations. For large firms, CSR would most likely be constructed and fully integrated into their business plans, where for smaller firms the approach would be more unpretentious.

In conclusion, the above-mentioned key drivers for involving in CSR can be considered as gaining competitive edge through their stakeholders, overcoming the society's approval to operate or social license to use natural resources, and eventually attaining an impact on society or nearby community, (Donaldson and Dunfee, 1999; Cashore, 2002). As Perera (2003) summarized, the current categorization of CSR movements can be classified into four groups that describe the larger part of CSR activities as they are broadly indicated in the scholar and business arenas.

- 1) Corporate governance and ethics, which are comprised of establishing and retaining corporate significances and values, promising accountability and transparency of internal operations, and refraining from corruption or immorality acts.

- 2) People, which is comprised of safeguarding human rights, assuring an equitable balance of opportunities, abstaining from inappropriate working conditions, and assuring proper labor standards.

- 3) The environment, which is comprised of planning on the true actions to pursue environmental preservation beyond the minimum rules and principle standards, and developing innovative technology or alternative energy sources that recover natural resources.

- 4) Voluntary contribution to development, which is comprised of the dedication to organizations and individuals in need, the obligation to improve education, and a variety of projects or activities intending to improve healthy and happy society.

### **5.5.3 CSR and Stakeholders**

When asked the question concerning the most important stakeholders for their firms as a whole, the interviewees were rather considered for some stakeholders, while others were only pointed out a few stakeholders. Clarkson (1995: 106) defined

stakeholders as “persons or groups that have, or claim ownership, rights, or interests in a corporation and its activities, past present, or future.” Systematically, different amounts and kinds of stakeholders depended on the characteristic, size, segmentation, and positioning of the firm in the market segment. Confirmed by Carroll (1991: 43), that different stakeholders had different impacts and thus different quantities of power. With respect to stakeholder engagement, in practical terms, the interviewees express the idea that customers, employees, and communities were regarded as the most important stakeholders. While MM4 mentioned the environmental preservation and HM2 lifted the unions, FM3 and FM4 argued that shareholders/owners were the most important ones. Therefore, it was also necessary to evaluate the enthusiasm of various stakeholders when arranging and implementing CSR activities in the circumstance of CSR (Freeman et al., 2010: 237).

In response to the question of how firm engage stakeholders, the majority of interviewees gave related answers. In general, they mentioned sincere communication, by clearly identifying and disclosing the firms’ core values and principles as one of the most important CSR concern. Identifying and disclosing the firms’ core values and principles would help firms’ stakeholders remain confidence to what firms have faith in and were inevitably linked with the firms’ reputation. BM1 pointed out the significance of sharing information of the CSR activities conducted by firm by stating “we try to make CSR and moral things noticeable that we are doing all the time for our customers and staffs. But, seriously, what I’m doing in my daily work, that’s more like talking about what we are doing.” Likewise, other interviewees suggested various methods of engagement, including online discussion forums, working groups, engagement with NGOS, and suggestion boxes. However, Nevins and Stumpf (1999) suggested that a firm should communicate with various stakeholders through firm’s mission statement in order to gain a shared understanding from various stakeholders. In fact, a mission statement signifying firm’s direction, goal, purpose, firm’s values, its primary customers, and its key market for its shareholders might give a right path for firm to run the business, and also a long-term speculation strategy. At the other end of the continuum, being in a firm’s values states respectful for the interests of its broader stakeholder borderlines. Meanwhile, MM3 preferred understanding customers in particular, by saying “we have to perceive

their behavior and what they expect, what they like and dislike because they have a tremendous impact particularly with social media.” Moreover, MM3 also added that firms tried to make products as hygienic as possible with regard to give an assurance that the end-users stayed healthful. This idea is similar to that of Skudiene and Auruskeviciene (2012: 52), who expressed the notion that, firms, the service industry in particular, should listen to customers concerning the standardized and dependable quality of services from firms’ responsible behavior viewpoint. Other interviewees, HM1 and HM2, for example, took the employee perspective by making an effort to make them pleased and satisfied of what they do and engage, so they can make a complete and productive task for customers. Furthermore, HM2 claimed that a manager required to interacting and communicating with his/her subordinates in order to be aware of their working pressure they might face. Put simply, the more we solve their pressures, the more productivity we can get. Thus, the sincere communication can be the technique of attracting the motivation and enthusiasm of employees. Without employee support, a firm could run the risk of delays or even complete failure of the plan. In a practical operation, HM1 referred to affirmative action plans, such as training session plan, career path, equal potential opportunity, and succession plans, this is just to name a few. By involving in these activities, the employees will certainly have feeling of loyalty of heart for the firms. Meanwhile, BM2 indicated differently about how her firm tried to limit its impact on the environment in which it operated, for example by following environmental-friendly guidelines and policies, reducing unnecessary waste and pollution, and reducing energy consumption.

#### **5.5.4 CSR Benefits**

In response to the question regarding why a firm decides to get involved in CSR, the majority of the interviewees gave equivalent answers. Firms nowadays were recognizing that they had to become social conscience in order to stay constructive, competitive, and catch up with a fast ever-changing business environment. The firms wanted to enhance the prestige of their organizations and brand identity to the widest possible customers, and to be able to strengthen their profit and risk management in the meantime. In conclusion, these can be divided into six main issues based on the interviewees’ feedback:

- 1) Securing customers' loyalty
- 2) Attracting and retaining the best workforce
- 3) Improving the quality of life in local communities
- 4) Achieving satisfaction from firm's stakeholders
- 5) Improving business image and identity
- 6) Financial benefits

In detail, BM1 mentioned that the customers' recognition of the firm's CSR activities would help develop a competitive advantage, by way of loyalty and retaining in the long term a customer base, which would lead to gaining business profitability. Meanwhile, HM2 indicated that being an ethical firm could attract and retain qualified staffs, particularly through their actions in local communities and local workforces, in the long run. HM1 clearly suggested that employee turnover would be small which would lead to increased mobility and morale, reduction of entrenched conflicts and consequently increased performance. This is similar to that of Greening and Turban (2000: 276), who mentioned that CSR had been demonstrated to have an effect on the applicants' enthusiasm to apply and desire to work and engage at a given corporation. On the other hand, from a business point of view, MM1 emphasized that it would benefit sales because the firm could hopefully get some sort of publicity for that and this would also help to raise the perception of the business in society, particularly through meeting stakeholders' expectations. BM2 summarized by stating that firms in the service industry, particularly, were encountering more optimistic effects of their CSR action comparing to firms in manufacturing industries. By advertising that CSR was part of a firm's strong core value, it might attract more sensitive customers because they perceive what the firm intends to do, and this would be a way of gaining a competitive advantage in highly competitive markets. In the end, the stakeholders would have their requirements fulfilled and the firm would gain a preferable prestige and maintain a positive relationship with stakeholders. In this way, CSR is obviously a tool of marketing one's brand that provides a valuable basis for differentiation. In addition, some interviewees emphasized that their firms were gaining both internal and external advantages from CSR implementation, for instance, improving business identity and

brand image, product differentiation leads to new business opportunities, discovering new market channels, or improving of supply-chain based relations.

On the other hand, other interviewees viewed CSR activities as having an indirect or secondary benefit. For example, FM4 mentioned that by making donations to charities, the firm would be able to write off its allowable tax deductions for corporate taxes; in other words, corporate giving was a tax-advantage. BM1 mentioned that engaging in CSR practice actually brought direct benefit to the firms, and also indirect benefit as personal satisfaction that felt proud to participate and contribute in CSR activities. MM3 affirmed the matter of society's approval for the operations and social license to operate in the nearby community.

All of these examples demonstrated that the majority of the interviewees considerably saw mutual advantages and benefits in integrating CSR actions into their entire operations and, therefore, were making great efforts to incorporate CSR practice into their strategic actions. However, some interviewees were concerned with how their CSR activities reflected their organization's financial performance, which are analyzed in the following section.

#### **5.5.5 CSR and Firm Performance**

This could lead to the question of the impact of CSR on firm and financial performance and whether CSR profoundly enhances or burdens. Some interviewees had a difficult time answering the question; however more reactions were "destructive activities" than "positive contributions." In detailed, the positive side indicated that there was a possibility to make profits through CSR as a valuable part of the firm's brand and staying true to the investors' own values. By serving the owners' and stakeholders' requirements, CSR practice was a win-win situation. It would create positive effects for both. Put simply, it would create positive effects for both owners and stakeholders if businesses intentionally focus on integrating social concerns into business operations; it would ultimately turn their responsible actions into financial benefits. BM1 supported the idea that good CSR could generate good firm performance, and meanwhile good firm performance could provide slack resources to spend on CSR. Theoretically, HM2 emphasized that the fundamental objective of a firm in performing CSR is in accomplishing mutually beneficial, for both the business

constituencies and the CSR engagement firms. While BM1 stating that “--being involved in social actions isn’t concerned with money matters, it is actually causes firm to be a better business. We attempt to run a better business, to be more profitable, and to serve customers better in the same time.” Likewise, BM2 expressed the notion that every social engagement affected a business’s ability to be potentially profitable in the end. A number of researchers suggested that business participating in both direct and indirect CSR activities could eventually gain financial benefit. For instance, Orlitzky et al. (2003) examined the direct linkage between corporate social action and firm’s financial performance by conducting a meta-analysis technique, the result confirmed a positive link that led to the mutual prosperity of both firm’s financial situation and society’s life standard.

However, on the other side of the continuum, some interviewees solemnly expressed their concerns over the actual or alleged costs associated with CSR activities. For example, FM2 mentioned the supplementary costs incurred by investing in CSR would definitely damage financial performance, which would lead to a reduction in profits over a longer period. FM1 criticized that the return on investment in CSR involvement took years or decades to corroborate and business could not afford to wait that long for the outcomes. On the contrary, MM4 argued that speculation timespan of fiscal years or decennia were not unfamiliar within a prosperous business’s budgeting, controlling, and structured planning processes. Therefore, business generally require to be patient for some kinds of activities, such as new market entrant, developing new products or services, research and development task, or sizable infrastructure programs. Nevertheless, FM3 stated that “there was a year when we informed our shareholders that they were not getting any dividends because we spent it all on society and nearby community projects. They were kind of disappointed and unhappy about that. So we then have to concentrate more on their gains before being generous to society.” As can be seen from this statement, shareholder theory in financial domain recommends that a business should extend the present value of all future available resources. For instance, Friedman’s shareholder theory in 1962 stated that business executives were obliged to follow the wishes of shareholders by making as much profit or money as possible. Similarly, Baron (2001) supported the idea that CSR activities practiced by firms to strengthen

society's value or generate profit as great as possible could only be inspired by the determination to make a contribution to society overlooking the firm's expenditures or earnings. Other interviewee, MM1 stated "to be honest, we're concerned of what we put in society actions otherwise we could turn out to be not profitable. We have to consider our budget and time available that balanced with what we can eventually contribute or else we would end up inexistent. This way, it might bring mutual benefits to us and society at large." In addition, FM2 questioned how the businesses could choose where and how to demonstrate CSR, considering that they could not cure all social ills or be all things to all people due to resource deficiencies.

Yet, BM2 stated that CSR would increase opportunities for additional profits, such as positioning themselves with differentiation, achieving effective cost savings such as developing niche or ethical products, and developing new technology through improved operation, sustainability or resource management. HM1 emphasized that even if social actions generated operating deficit, it could be replaced by enhancing customer loyalties and devoted employees to firms; consequently yielded long-term surplus growth. Thus, if social actions provided a profitable return to firm, the firm then should pursue such actions. As BM2 stated "I think it is very myopic way to think that they (other industries) don't have enough money or time to spare on CSR. Actually they don't think systematically, they don't think long term. Just like people making merit and it can bring them a better next life." On the other hand, FM2 stated that while a number of corporations desired to participate in CSR activities that "do well and feel good," their performance might not possibly be satisfactory especially in an economic downturn. Taking these facts into consideration, the impact of the recent global financial crisis and unstable domestic political would have an impact more on the real sector economy and industry than any other industries. During such times, similar opinions were found among finance and marketing managers, and they clearly showed a definite degree of hesitation in adopting extensive CSR activities as a consequence of their belt-tightening and their concerns for damaging their businesses' profitability. Business only responded to expectations, and thus CSR implementation was low in their priorities. For instance, MM3 argued the following "we are medium size business who is trying hard to survive in the battlefield. We don't have plenty of money, time or even people to engage in participating or contributing to society.



Unlike large organizations that have all the resources and social actions are just a small piece to cake for them. For us, we can't be generous if our business isn't producing any gains." Thus, it could be seen that the financial costs associated with CSR vary depending on the specific activities that a firm implements and the type of business that it conducts. Apart from that, CSR involvement was relying on the size of the firm and the resources that the firm had.

Furthermore, BM2 mentioned that CSR was recognized as an investment in intangible assets of the business that far outweighed a firm's initial investment, namely good reputation, customer satisfaction and loyalty, and satisfaction and workforce skills. Likewise, HM2 pointed out that a firm would get socially sensitive customers as new customers leading to gain business profitability and this could have beneficial impacts in the end. As BM1 stated "our firm is named as one of the champions in benevolence to society and we are proud of it. It is an important part of our reputation and sustainability." However, some interviewees mentioned interval commitments where staff was too busy with its work and the members' own life. For example, HM1 stated that "our staffs are overburdened by their routine works and they don't show signs of being involved in CSR activities. Beside their office works, they have to concern with their own personal life and it wore off by the time." Similarly, HM2 concerned with what specific tension this might produce with regard to balancing the routine responsibilities of running the business with making social commitments. Moreover, MM2 highlighted that it took much fieldwork to observe whether a product or service with a CSR symbol was selected because of its CSR connection or owing to other product and service characteristics. Furthermore, some interviewees questioned how to identify if a business sincerely acted or was just covering its irresponsible misconduct, such as contaminating the environment, in order to produce a kind-hearted image in place of an actual negative impact. Some of the interviewees emphasized that some firms tended to follow the trends or tried to be "greener" for such a period of time in order to cultivate and retain confined markets for their products and services. Taking this fact into considerations, there was a fine line between philanthropy and opportunism or exploitation. HM1 wondered and asked the question of when business' actions would stop being responsive to societal expectations and start becoming righteous and, co-creating in their nature. This idea

is similar to that of Joyner and Payne (2002) who stated that there were two reasons why corporations intended to engage in moral or communal responsibility, one conscientious in nature and one more Machiavellianism's nature of power. The moral behavior was the driving force of business to perform the righteousness without internal pressure, such as managerial motivation, or external pressure, such as governmental regulation. On the other hand, the Machiavellianism believed that business, to be success, must abide by the stakeholder's expectation in order to convince stakeholder that business was operating ethically for the sake of society and nearby community. But all in all, most interviewees agreed that they should not always be assumed to solve social problems in preference to established governmental authorities or not-for-profit organizations. However, Sims (2003) criticized that a number of firms use CSR as a political resource to gain political benefits and informal privileges from government. By granting social contributions or investing in social actions or patronizing some public events firms could be rewarded by government in terms of reputation gains, access gains to infrastructure projects, and privilege gains to public procurements. Additionally, the mutual agreement between firms and public authorities could bring about non-interference bureaucratic and, ultimately, business might have the concealed sources of social and political power for administrative control or coercion over society at large. These findings support McWilliams et al.'s (2002) assumption that business competitive advantage could be improved from the interconnection between business's CSR action plans and CSR public policy.

## **5.6 Qualitative Findings**

After the successful completion of the collection of empirical data and evidence acquiring by interviewing the participants, a central process was apply to interpret and analyze by integrating with the prior signified theoretical framework. Consequently, the overall understanding of CSR in the PLCs transpired as a dynamic interconnection of the areas was analyzed. This study aims to contribute to knowledge and interconnection with theories and concepts that is based on empirical findings previously published. Therefore, the qualitative findings can possibly be produced a more complex examination of CSR through academic and business

scholars' theoretical assumptions. Additionally, it can examine through business managers' empirical consciousness together with its explanations and significances in order to investigate the impact of CSR activities on their firms' value systems and ethics of belief.

Considering the main research inquiry, the analyses of the participants' interviews and their respective firms' documentations with regard to their consciousness of how CSR activities concerning firm's stakeholders had an impact on their firm and financial performance, yielded mixed consequences. There was a growing paradox between the high-level managers' perceptions, guidelines and norms, and the absence of absolute standards for CSR. This is relevant to Arnold et al.'s (1999) and Daugherty (2001) who believed that these level of qualities were probably be different in reaction to different ethical behavior, cross cultures, generation groups, and institutional and individual value systems. Overall the study was found a positive but weak correlation. It was generally held that CSR could generate business profitability and thus most multinational and sizable firms were energetically involved in it, yet some high-level managers were aware of the involvement in this important subject. As can be seen from the analysis section, the challenge of CSR involvement ranged from not having enough finances, resources, performer, and time to organizational capabilities to participate in CSR. Naturally, the firms will eventually terminate CSR involvement if such social actions do not fulfill the overall business advantage and, in turn, do not satisfy the overall requirements of firms' stakeholders. Above all, whether they are sincerely attempted to be generous to society or if they just broadcast their "doing good" in order to strengthen corporate impressions and eventually publicize their positive reputation in the press or social media, it eventually should bring mutual benefit in the end. However, CSR practice probably should be unique for different firms and could be strategic in nature when it leads to increased gains. As a matter of fact, CSR might not be needed in some industries, while CSR might be unexceptional in other industries. This disparity existed because some industries required to socialize with ethical sensitive consumers, social media coercion, and to comply with governmental legal and regulatory framework concerning CSR. As a consequence, prior to striving

to participate in any CSR activities, firms need to carefully contemplate the strengths and weaknesses of such actions.

Considering that this semi-structured interview was conducted with diverse high-level managers and industries, it was crucial to investigate any supplementary factors, such as industry or community sentiment. Moreover, it was essential to explore the significance of their driving forces and their current allocation, especially by well-educated qualitative researchers. In conclusion, CSR needs to be a thoroughly premeditated activity that is not businesses' application as a self-publicizing or self-proclamation tool, but ideally, enhance long-term benefits to businesses and deliberately makes a contribution to society at large. In this manner, firm should be able to develop CSR perception and dedication to its implementation at every level of related stakeholders.

## **5.7 Extended Literature Review**

With the enthusiasm for CSR involvement in current modern society, one would believe that CSR activities could provide strong financial health and position to the firm; however, this conclusion has been opposed and an attempt has been made to challenge by business management academics and business scholars. Although CSR has fascinatingly appeared to be a driving force to a firm's prosperity, yet the examination of the impact of CSR on firm's financial performance is inexplicit. In relation to the H1 result, displaying that CSR has no positive impact on firm performance, thus it is necessary to examine and explore more literature and different academic researches that have indicated negative impact of CSR to firm performance in order to confirm more explicit about the result.

Historically, Adam Smith (1776), the Scottish philosopher, who advocated the notion of shareholder wealth maximization, argued that profitability of business ultimately nurtured social institutions by means of the "invisible hand." He clarified that the fundamental dispositions of humans were more likely to pursue their own self-interest than out of their philanthropy or their pure benevolence, but self-interested actions would ultimately gain the overall benefit to society in the end. For instance, one would not contemplate to get free haircut from the barber on the basis of

his or her generosity or concerned but one would have to consider and observe on paying for service by oneself. However, the invisible hand would guide the merchant to provide better quality food for consumers and that would result in benefit to society. Thus, Smith confidently drew the conclusion that the self-interested firm could practically give assistance to society to a greater extent than when it purposefully attempted to solve social problems.

All through the researches of Milton Friedman (1970), a pure positivist and neoclassical economist, he emphasized that the only obligation of business executives was to generate shareholder wealth maximization. He totally agreed with Adam Smith, who did not support the generosity of the discretionary funds to societal problems but thought that business must serve the needs of shareholders, which would benefit society in the long run. Nevertheless, spending proprietor money in an unproductive manner was thought to be inaccurate. It does not matter to the owners how benevolent they are, it was considered improper to be noble with the owners' money. Therefore, Friedman presumed that one was free to be generous to society by oneself, while the business executive had to conduct the business in accordance with shareholder's desires. Furthermore, businesses did not have sufficient skill to alleviate societal ills and thus it was the role of political institutions to serve social areas. Systematically, he considered CSR as the supplementary of the primary aim of the business to maximize returns to shareholders while complying with the legal and ethical regulation of social standards. At present, Milton Friedman's concepts continue to be an argument both for and against CSR practices.

Later on, Margolis and Walsh (2003) investigated the connection between CSR contributions and the firm's financial performance by examining one hundred and twenty-seven published documents between 1972 and 2002. Their finding was that sixty-three documents showed negative sign of connection between CSR and firm performance and thirteen documents underlined different strong limitations concerning validity and reliability. This is related to McGuire et al. (1988), they found an excessive funding in social contribution endangered additional costs. The extra costs may cause by social actions such as "making extensive charitable contributions, promoting community development plans, maintaining plants in economically depressed locations and establishing environmental protecting

procedures.” These added costs might place a firm at a financial drawback compared to less societal contribution firms. Similarly, Henderson (2001), a professor at the Westminster Business School, insisted that CSR involvement would unavoidably have consequences that could add the additional costs of operating business. As a matter of fact, it could continually minimize earnings and might also cause firms to be unable to have enough money to support future investment, thus it certainly might minimize financial gains in the short-term and over an unpredictable longer period of time. Ultimately, the primary task of serving its customers’ satisfaction on products or services would be eroding by the financial distress, and also wasting time to concentrate on CSR activities. Nevertheless, it would be contrary to their interests if shareholders knew were approving or agreeable on implementing it. Furthermore, Ingram and Frazier (1983) found that the utilization of enormous or inactive available funds for CSR practices did not yield a positive impact. Firms must concentrate on allocating these useful available capitals and funds in some fruitful existing and future projects regardless of carrying out any kind of social contribution activities. As a consequence, firms that engaged in social contribution were more likely to encounter a weak financial health compared to less socially commitment firms. Similarly, Aupperle et al. (1985) supported the notion that the added overheads of performing social responsibility actions would force them into an unhealthy financial situation compared to firms that were not socially attentive. Moreover, Ullmann (1985) discovered mixed consequences on the investigation of the relationship between social obligation and economic performance. He pointed out that there was not any cognitive reason why CSR practice should be associated with firm’s financial performance and firm must generate a strong financial condition before contributing financial resources to cure or improve such social ills. Eventually, firm without additional financial resources would be relatively less likely to involve in such type of social responsibility actions. Later, Frooman (1994) applied the meta-analysis statistical techniques to review and examine more on Ullman’s research regarding the relationship between social obligation and economic performance. He attempted to produce the most inclusive and attentive discussion on the event studies related to the influence the firm’s and social’s values on the event announcements, such as defecting products, merger negotiation, and distribution of pollution indicators. In

consequence, he discovered that out of ten event studies, there was no sound of significant economic returns to firms. This result confirmed by Yang, Lin and Chang (2010) who claimed that by performing these social practices, firms would instantly be weak in their financial position. Nevertheless, WBCSD (2001) specified that a business needed to focus on the increased costs of the innovation arrangement regarding CSR involvement. The major concerns are 1) the significant of objectives and responsibilities that would relate to all levels of management; 2) the cost of setting up more complicated financial accounting and reporting procedures or fiscal responsibility system with a new competent administrator; and 3) the time-consuming in formally consulting, deliberating, negotiating, and integrating with a wide range of stakeholders or representatives since many of them did not interested in the firm's profitability and some of them had a bad attitude on firm. Consequently, these concerns might place firms' CSR involvement into a difficult position, and indeed the innovation management would no doubt have disadvantageous effects on the financial gains in the long run.

Even though some researches has pointed out that CSR did not appear to significantly have an impact on the large extent of firm's financial performance, but eventually CSR activities could have an effect on the purchasing powers of consumers who have perception or take an interest in the social commitment of firms. Contradictorily, David Vogel (2005), University of California-Berkeley's director of business ethics field, disputed that consumers so far are more focused on the key factors other than CSR obligation in their purchasing decision deliberation: "CSR or 'ethical' products are a niche market. Virtually all goods and services continue to be purchased on the basis of price, convenience and quality." He insisted that the market for CSR or 'ethical' products was inadequate to have a considerable influence on the profitability of firms, Starbucks for instance. Even though they had kindhearted labor practices and had attempted to offer coffee farmers with reasonable shares, Starbuck still had not generated more earnings in that particular year. This disaster was mainly due to an additional costs on overexpansion of the firm and the unwilling and hesitant of consumers to spend on same cup of coffee with higher price. Yet, the case study of Starbucks seemed to demonstrate that CSR may be more discursive. As claimed by Vogel, there have already been a demand for morality, but it is constrained by the

considerable added operating costs of more responsible business operation. Hence its effect is significantly more restricted than many humanitarian extremists and overzealous persons about CSR literally declare. Nevertheless, Vogel lastly concluded that CSR was best observed as a supplementary useful tool in company with laws and regulations rather than a replacement for more advantageous business or public policies. CSR could not completely replace them. Likewise, Werther and Chandler (2005) stated further that it would be difficult for consumers to differentiate truly social responsive firms from severely irresponsible firms, thus consumers might inevitably make a wrong judgment. For instance, Merck, the pharmaceutical firm developed and donated Mectizan to cure and help to eliminate river blindness in human in West Africa. It sounded like a real moral obligation but it actually demonstrated irresponsibility. Simply said, Prakash and Valentine (2007) launched Vioxx, a painkiller medicine, but did not disclose the information concerning the dangerous side effects that linked to heart attacks and strokes. It could be seen that, firms that report their socially responsive actions may actually be an opposite manner by an unsubstantiated claims about consumer's benefit. Thus, it is difficult for consumers to make up their minds if socially responsible firms are truly genuine.

Further, Karnani (2010), the University of Michigan's professor of strategy, argued that society has plenty of harmful situations that have happened for many years such as pollution, deforestation, and poverty. Taking this fact into considerations, if such problems were not difficult to work out, they would have been solved some time ago by socially responsible firms. However, many businesses are aware of involving in CSR actions that might lead to an additional cost and a reduction in earnings. Systematically, the business proprietors invest their money into profitable business, and they expect managers to generate incomes as much as they can otherwise they would likely be in trouble. Furthermore, CSR activities would obviously cause more strictly ecosystem and societal rules and regulations for commercial operations throughout the world. According to Mahapatra (1984), the undeveloped nations or small firms would have difficult time to follow such type of rigorous regulations compared to a prosperous large firms or developed nations. Eventually, CSR involvement in small firms may lead to extended undiversifiable risk.



More research that found a negative relationship and impact between CSR and firm performance, such as that of Abbott and Monsen (1979) perceive interestingly negative relationship between the primary areas of firms' social responsibility actions and stock market indexes. Arlow and Gannon (1982), Freedman and Jaggi (1986) could not be able to make a judgment about the linkage between firm's social contribution and financial performance. Further, Cochran and Wood (1984) investigated the connection between corporate conscientious to society and corporate's financial performance by applying the Moskowitz CSR ranking (1972), in addition, the industry classification and corporate age were applied as control variables. In conclusion, the investigation proved an unconvincing positive connection between corporate social obligation and corporate's financial performance.

Considering economic institution requires to operating with a large amount of profits in order to be success or survive or satisfy the shareholders, CSR can be strategic tool as a general way of emotion or mindset of owners or shareholders. Therefore, shareholder, as one of a key stakeholder, should reconsider stakeholder's requirement and expectation as a means and business profitability or success as an end result. Though the goals of generating profits in order to meet the owner's satisfaction actually play a largely pivotal role, but in actual fact, the whole idea of the standpoint of business needs to be reconsidered. As a matter of fact, moral credibility or from stakeholders is element factor that lead to profitability as complimentary, or the other way around. It can be summarized that even though CSR has created firm's long-term business advantages, there are still certain researchers and business scholars that are opposed to CSR implementations. They are afraid of CSR may tend to cause harm to both the perceptive of individual constituent and in relation to the financial conditions of an entirely economy. Some arguments opposed to CSR: 1) additional incurred costs by funding in various CSR activities which might pressure to the limit of profit-maximizing; 2) shortage of competence or expertise of innovative personnel to get the better of manage CSR activities; and 3) shortage of undeviating authoritative rules and regulations concerning social engagements. The summary of negative findings from various academic researchers and practitioners are shown in Table 5.4.

**Table 5.4** Negative Findings on the Impact of CSR on Firm Performance

<b>Taxonomy of Study</b>		
<b>Sr.No.</b>	<b>Name of Author</b>	<b>Firm Performance Indicator Used in Study</b>
1.	Abbott and Monsen, 1979	No relationship between CSR and firm performance
2.	Arlow and Gannon, 1982	No relationship between CSR and firm performance
3.	Ingram and Frazier, 1983	Financial Distress
4.	Mahapatra, 1984	Increased systematic risk
5.	Ullmann, 1985	Many factors that influence the relationship between CSR and firm performance
6.	Aupperle et al., 1985	Competitive disadvantage from cost Increased
7.	Freedman and Jaggi, 1986	CSR and shareholder value do not occur simultaneously
8.	McGuire et al, 1988	Cost Increased
9.	Waddock and Graves 1997	Social and business performance has opposite outcomes on financial situation.
10.	Henderson, 2001	Cost Increased
11.	Henderson and Kapstein, 2001	Ill-consequences in the form of decreased profit and less incentive for innovation
12.	Jensen, 2001	Social constraints and responsible social behavior can largely destructive of value maximization
13.	Bauer et al., 2002	Mixed results with a slightly positive trend towards ethical funds.
14.	Margolis and Walsh, 2003	No relationship between CSR and firm performance
15.	Barnea and Rubin, 2006	CSR investment is negatively related to insiders' ownership.

**Table 5.4** (Continued)

<b>Taxonomy of Study</b>		
<b>Sr.No.</b>	<b>Name of Author</b>	<b>Firm Performance Indicator Used in Study</b>
16.	Vogel, 2008	Ethical products are a niche market
17.	Danielson et al., 2008	Cost Increased
18.	Mittal et al., 2008	Strong evidence against the idea that CSR practices have general or methodical positive financial impact.
19.	Karnani, 2010	Reduction in profits
20.	Yang et al., 2010	Weak in financial position

## 5.8 Conclusion

This chapter displayed the findings of the qualitative research method, which was compared to the prior quantitative research method. At the heart of the debate as to whether CSR enhances firm performance, the participants have created an absence of evidence to clearly justify the interconnection between CSR investment and the overall prosperity of financial and firm performance. Therefore, extended literature on negative CSR was thoroughly reviewed in order to emphasize the consequences before drawing the logical conclusion on the research inquiries or the area of concerns. As a matter of fact, the stakeholders have divergent requirements and expectations, and there will inevitably be considerable point of intersection amongst the divergent stakeholders recognized by any firm. Therefore, a number of stakeholders would be contented while more or less would be dissatisfied with such actions. This further information makes the possible recognition of current and supplementary accomplishment acquired from the end results of this particular study. Finally, the significances and forthcoming research orientations will be considered to enhance the perception and awareness in the area of CSR in Thailand.

## **CHAPTER 6**

### **CONCLUSIONS**

This chapter accomplishes the results of the data and statistical analytics of the respondents' background information, business characteristics, their attitudes toward CSR, firm performance, competitive advantage, corporate reputation, and the analysis of the structural equation model.

A total of 200 respondents were selected from various PLCs in the SET, and discovered that the sample consisted of 58.0% female respondents ranging from the age of 41 - 50 years old (46.5%). The educational backgrounds were mostly master degree (63.5%), and their jobs were top management (37.5%), and their work experience in the current organization was mostly 11 - 20 years (42.0%). Most of the respondents' companies were property and construction, followed by services and industries (25%, 18% and 16%). Most of them were operating in exporting and international business (48.5%). They had been operating for more than 20 years (59.0%) and most of them were joint ventures (51.5%) with authorized capital between 500 and 3,000 million Baht (43.5%), having more than 500 employees (39.0%), and they have been operating since being listed on the SET for 11 – 20 years (42.5%).

Overall, the respondents' attitudes toward CSR were at an agreeable level with the mean of 3.76. The components of CSR, which were employee, the environment, and community responsibility, were also at an agreeable level of attitudes with the mean of 3.77, 3.70 and 3.81 respectively. The respondents' attitudes toward benefits, and problems and activity hindrances to CSR activities also showed that all of the questionnaire items were at an agreeable level. The respondent's attitudes toward firm performance, competitive advantage, and corporate reputation were all also at an agreeable level, with the mean of 3.44, 3.93 and 3.68.

As the results from the analysis of the structural equation model in this research, it showed factors that had an influence on firm performance and as the hypotheses' testing results of this research has been summarized as follows:

- 1) CSR has no positive impact on firm performance.
- 2) CSR has a positive impact on competitive advantage
- 3) CSR has a positive impact on corporate reputation.
- 4) Competitive advantage has a positive impact on firm performance.
- 5) Corporate reputation has no positive impact on firm performance.

Furthermore, the findings of the qualitative study through the interviews regarding various high-level managers' perception of how CSR activities involving stakeholders affected their overall firm and financial performance produced mixed results. The reactions were divided between "positive contributions" and "negative feedbacks." The positive side indicated that by integrating business executions with a prime concentration on transforming social advocacies into economic advantages would eventually create a positive effect on both in the end. Theoretically, appropriate CSR efforts could cause productive firm and financial performance, and meanwhile fruitful firm and financial performance could provide slack financial resources to spend on CSR. On the other hand, the majority of the managers (negative feedbacks) were aware of the challenge of CSR involvement, ranging from not having enough finances, resources, performer, or time for organizational capabilities to participate in CSR, particularly in the present economic downturn. In addition, it was obviously seen that the financial costs associated with CSR activities varied depending on the size of the firm, the type of the firm, the availability of resources, and the specific activities that a firm implemented.

Simply put, when triangulating the findings of quantitative and qualitative research methods, it can be noticed that there have been differences and conformities awareness among the high-level managers and respondents (employees). It could be seen that the findings of this study indicated the imperfection of both stakeholder and shareholder theories, which could be described that implementing and achieving CSR activities that satisfy both stakeholders and shareholders was not that simple even though it seemed to be logical and consistent. From a business point of view, it took much research and development to ascertain whether consumers buy a product or service because of CSR indication or due to other product or service features like price, quality, advertising or its availability. A number of studies involving community contribution or corporate philanthropy as an indicator of business

accomplishment were obscure, and in practical terms, they presented only summarization of a given sample or interrelationships with the firm or structural characteristics of the organizations. Certainly, the implied assumption appeared to be that the driving force of the firm's community relation patterns concerned its organizational structure, its core strategy, its characteristics and norms, its product base, media pressure, and presumably community desires. Literally, boosting financial gain and societal contributions at the same time was divergent where CEOs or managers must perform for the best interest of shareholders and the firms' continued success. Therefore, questions and unanswered problems remain concerning the firms' CSR involvement: should a firm participate in CSR activities that have not been appreciated by shareholders and that do not generate shareholder wealth maximization? Moreover, do firms with high profits contribute their shares to society, or is it that CSR or society itself produces higher returns for firms?

As per the results, it is complicated to evaluate the financial consequences of CSR involvement. In the real business world, CEOs or managers suppose to generate the enhancement of the strong financial position of firms and their shareholders by means of spending shareholder funds wisely. That is to say, they practically should not spend all or part of the business earnings on the expense of stakeholders or ethical activities if that does not yield any returns. Their priority is to put sufficient financial resources in plausible productive projects before contributing to a wider society or performing such types of CSR efforts. However, in all reality, they should not intentionally ignore their stakeholders to make a profit as they might be impugned for not giving precedence to their stakeholders. Nevertheless, concerns might be voiced regarding the firms' incapacity to solve all social ills or to provide all of their stakeholders' desires and meanwhile remain profitable; thus it is critical for firms to balance CSR expenditure and the overall profitability of their organizations. As a matter of fact, firms' financial performance should be healthy and they should have adequate resources in engaging CSR, or else firms would confront financial distress and economic inefficiency. In some instances, some industries might have a big advantage from do-gooding, for example the consumer goods industry might attract customers without spending enormous budgets on CSR advertising or promotional events. Further, investing in technology or minimizing the use of energy

and water during the manufacturing process that reduces their waste generation is an option better than organizing or holding an annual CSR trip for their staff to plant trees somewhere in the provinces or collect garbage on the beach elsewhere.

Systematically, CSR practices, if genuine, will be unique for different industries at different times and a matter of practicing proper and appropriate CSR. CSR may not be essential in some industries if they do not have to associate with end-users, however, in other industries CSR may be fitted with their characteristics and also where those industries are located. Therefore, firms should pay careful attention to whether CSR involvement fits their financial position and associates with their stakeholders. In reality, it is impractical in endeavoring to segregate business from society when they are mutually dependent, as Mintzberg (1983: 12) supported the idea that there was no such thing as an absolutely financial strategy decision. All in all, in an effort to nurture stakeholders, businesses should perform a balance between economic prosperity, ethical standards, and their crucial stakeholders' welfare that transcends legal requirements. Similarly, Drucker (1984: 62) concluded that the appropriate social action of business was to convert social needs toward economic possibility and economic advantage, toward constructive capacity, toward human resources management competency, toward highly paid careers with good career promises, and into prosperity.

## **6.1 CSR Limitations in Thailand**

There are some weaknesses to evolve CSR in Thailand as an economically developing country that should be aware of. Fundamentally, the system of bureaucracy governments has caused inactive performance to serve public interests. They work on the nine-to-five psychological and have no intention to work and to have minimal efforts beyond such hours, or in another instance, the hierarchy of approval on any actions demonstrated an extremely time consuming procedures. Since governments turned out to be incompetent with their bureaucratic methods and did not energetically attempt to alleviate social problem or address society's needs, the private sectors were then driven to intervene. From then on, the private sectors have been the main driver force to prosper and achieve societal requirements either

deliberately or authoritative commanding. However, they simply just recognized CSR practices as an internal aspects or a creation of their firms' moral reputation in order to enhance their financial gains. In addition, they could possibly gain business competitive advantage and market positioning over industry rivals. Consequently, this might lead to an unproductive benefit for stakeholders and society at large.

Secondly, it would be difficult for some firms, real sector industry in particular, to get involved in CSR practices in the years of financial turbulence, such as inflation or limited financial resources or postponing investments. In fact, they tended to act conservatively and engaged less in CSR practices because they made an effort to need to survive in the business world. Hence, CSR will probably be the prime expenditure cuts in order to reduce the operating costs in financially troubled times.

Last, some firms tended to employ CSR activity as a secret tool to obscure their green-washing business. Customers perceived that the firms sincerely concerned and integrated societal concerned in their routine operations, in fact, the firms were performing harmful to the environment and ecosystem for their own sakes. To the extent that firms integrated CSR into their core business operations, there is still significant doubt as to their sincerity and commitment to the benefits of society's welfare.

## **6.2 CSR Future in Thailand**

According to the CSR limitations in Thailand, it is the prerequisite to manage a comprehensive consciousness and perception of genuine CSR standards. According to Thai Listed Companies Association (TLCA)'s survey in 2008, they investigated the CSR principles' recognition of 460 PLCs from the SET in order to prove their CSR knowledge. The survey demonstrated that most of the PLCs were disappointedly recognized CSR fundamental as a generosity or corporate charitable donation to social causes or those in need. As a result, firms require to reconsidering their extensive perception of CSR fundamental by not taking advantage on their social contributions considering they are the major exploitation of insufficient natural resources to their manufacturing process. Further, they should consider paying



attention to the practical expectations and requirements of stakeholders connecting with firms' core values and management strategies. In conclusion, businesses should sacrifice by contributing more sincerity and intentional performance to large society and nearby community as it is part of the living in an ethical Thai life. Thus, a socially acceptable firm will literally enhance society's values, and a firm will eventually strengthen their business prosperity and financial health. However, TLCA later has established the Investment Policy Statement regarding not to associate with the listed firms that are not transparent or have negative impact to society and environment.

### **6.3 Recommendations**

Based on what have been discussed, this is a decade of socio-economic that requires business enterprises to consider their beliefs and attitudes on developing economic policy not only for self-interested and profit operating expectations but also providing benefits to all stakeholders, the environment, the society and economy by managing behavioral collaborations and CSR commitment. Firms with a secured financial situation and accessibility of excess financial resources should fund in CSR programs. This study based on an analysis of Thai PLCs in order to examine the impact of CSR on firm performance regarding competitive advantage and corporate reputation; thus the obtained findings in studied resulted in answering all research queries. Furthermore, a number of business scholars and researchers recognized that the relationship between firm's CSR and firm's financial performance might produce both a negative and positive impact on firm's financial performance. This is related to a study by Bhattacharya and Sen (2001: 238), who stated that "all consumers react negatively to negative CSR information, whereas only those most supportive of the CSR issues react positively to positive CSR information." Anyhow, beneficial CSR activities may be replaced by self-serving of the public's own interest and welfare. Thus, this is obviously reflected in the business arena, particularly competitive advantage and reputation to the firm. In the rapidly changing business management, firms require to assign CSR as the main concerned topic and an invaluable contribution to stakeholders, such as environmental preservation and educational

facilitation of the community. These affairs are not paying particular attention to a number of individuals, but they are turned out to be social issues for all the human-being to take part in it, business in particular. However, any business that arranges in practicing CSR must avoid consumer perceptions of social irresponsibility considering they hold firms to a higher standard in operating responsibly to address social issues. Further, firm must thoroughly consider the outcomes of such activities, if CSR programs that are not advantageous to shareholders or financial status, firm may need to call upon the assistant of other alliances, governments, or non-profit organizations, rather than just relying on private sector efforts. In addition, the asymmetrical awareness of CSR between firm and society can cause the misunderstanding objective of CSR activities. Therefore, firm should assess the performance and outcome of such type of CSR actions by obtaining consumer feedback regarding what CSR programs are appropriate for society and what need to be done. In this way, firm might be able to obtain valid information and to better understand what firm can or should perform to enhance firm's society welfare. Additionally, firm can make use of social media to publicize firm's CSR programs and also reveal financial expenditure on such CSR programs to the public. Hence, this transparent and honesty acts will help firms to continue CSR practices by means of recognition awards as a CSR leader, earning the public's trust, improving their investment rating, gaining access to international markets, and embracing the prosperity of corporations as a whole.

Even though social contributions are appeared to promote achieving greater firm performance in Thailand, quite a few Thai corporations have not actually enthusiastic in engaging CSR and this has specified for the existence and extinction of these particular firms. Although there is broad general opinion that business sector is the main driving force for the CSR implementation, the assistance of other organizations, such as governments or non-profit organizations, must play a part in improving society at large. For instance, Thai governments should formulate CSR policy frameworks and functions that conforming to relevant rules and regulatory compliance regulations for business enterprises. In this way, the socially responsive firms in Thailand will be able to maintain their profitability and they certainly will give greater contribution to society in return. Ultimately, this study displays the

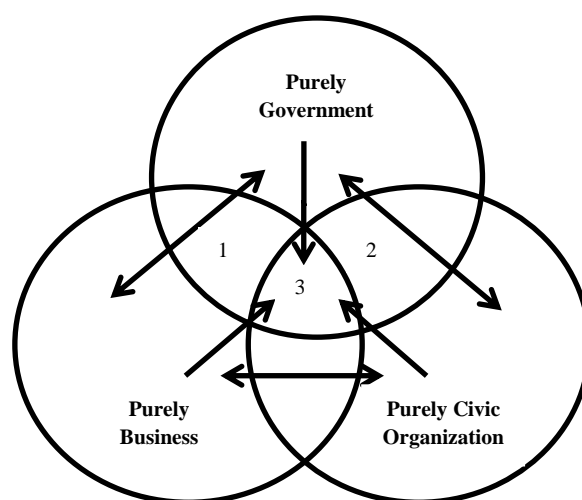
subsequent public administrative recommendations on how businesses can develop their CSR involvement with preferable and appreciable performance.

#### Extending CSR to Public Administration

Regarding the characteristic of private and public management on managing CSR activities, the core values of all organization about the improvement of triple bottom line (social, environmental, and financial) should be revealed. More practically, current core values often represent a firm's policy or practice to contribute to firm's shareholders and to social and environmental dimensions in a manner that is suit to their specific needs. However, current mainstream management activity has not made CSR a priority due to economic downturn, and focuses more on the role of profit generation in order to survive in the business field. Taking this fact into considerations, if the main goal of private sector is to gain profit, public sector then needs to fully take responsibility for the well-being of taxpayers or society. In the traditional way, governments frequently apply a discretionary approach in encouraging business sector to engage in the aspects of social service in the area where civil or community services are inadequate. However, this approach may cause confusion to business sector of what the role of business to society, either business should provide a lacking community service or business should run the business in the manner that has a productive significance on the society. People often say that firms are the institution that requires to being energetic in CSR practices because 1) they gain profits from society, 2) they are the key environmental polluter, and 3) they put the people on the payroll to gain productive outcomes. In consideration, firms have the permission and approval from society to exploit natural resources and to operate their business conveniently, thus firms should minimize the pollution in their production chains. Moreover, firms should provide well-paid jobs and good compensations to their workforces as well. On the other hand, public authority also has to pay close attention to taxpayer's needs and demands. Even though working as public authority is not the same things as being socially responsible firm but the service can carry out in a socially responsible way.

However, governments are not corporate and they cannot fulfill all public requirements effectively and efficiently. However, they can encourage private sector to perform goods deeds according to the principles and standards of society, by ways

of acting as an intermediary between business and civic organization (as shown in Figure 6.1).



- 1) CSR in Public Administration-Business sector relationships
- 2) CSR in Public Administration- Civic Organization relationships
- 3) Relational CSR

**Figure 6.1** Relational Model for Analysis of Public Administration on CSR

In accordance with the establishment of a compromise situation that is meaningful in the national context, governments must actively negotiate in the recognition and expectancies of multi-stakeholder. Ultimately, governments have to create a common background and common sense of the public interest in order to manage the relationship among different business and social institutions that play a prominent role in CSR success. Systematically, governments must efficiently undertake the following issues:

- 1) Governments must play a vital role in setting the standards, guidelines, and code of conduct of appropriate CSR practices in the business activities in order to conserving the interest of society from unethical practices and also preserving the ecosystem. By supervising the behavior or practice of business, governments should encourage the business sectors to recognize that businesses are

playing a proactive and influential role in integrating societal and environmental concerns into business routine on the voluntary character of CSR.

2) Governments should maintain strict observance to the rules and standards with enforced mandates in shaping governance structures, such as minimum age for workforces, gender equality, and well-paid jobs, through public policies and CSR programs that relate to firm's stakeholders. Moreover, civil society can be inspectorate to check over businesses on public services delivery, and business and civil society groups should be able to express their views on the outcome of public policy as well.

3) Governments should promote mutually beneficial partnerships with business and civic organization since they are nowadays becoming more integrated in supporting and strengthening public services, and they all take part in a business-driven development. For instance, governments may encourage on setting up public-private alliances by working together towards shared purposes for specific social services that are unmanageable by governments alone. Moreover, governments may promote joint venture with business or civil society in capacity development that requires improvement.

4) Governments should encourage businesses to adopt CSR by providing necessary information, technical assistance, skill, and support when needed. Moreover, governments may provide supplementary funds for business or civil society on CSR research, or take part in training program or business advisory service that are related to CSR practices, or foster the development of socially-responsible investment.

5) Governments should provide corporate tax incentives or subsidies, as a benefit given, to socially-responsible firms in order to stimulate the firms to participate in desirable social actions or social investments.

6) Governments may publicize and give CSR award to the firms that are transparent on performing a good deal for society as part of efforts to motivate more firms to engage in sustainable CSR.

At the present time, CSR practices are well-attended among businesses and governments in the circumstances of wider state roles and government-business-civil society relations. As a result, this relationship could develop a win-win condition that

advantage to all groups. Businesses will gain the permission to operate their business that will create value for society or the environment, and also will improve the competitiveness of firms as well. Governments and civil society will be able to carry out their roles with efficiency that compliance with laws and policies. Ultimately, this business-government-civil society or multi-stakeholder partnerships would likely to affect the success and sustainability of broader level of economic, social and environmental objectives.

#### **6.4 Limitations**

There are some acknowledged impact limitations of this study that must be recognized even though this study was attentively arranged. First, this study might have conveyed too much emphasis on the constructive data of respondents' perception on their firm CSR implementation and their firm's financial performance since these issues are sentimental and emotional in nature. Thus, the respondents might give the answers not in accordance with fact or reality. Second, the systematic criteria of selecting the sample firms might produce unfairness to smaller organizations that have less financial resources or performing power comparing to larger organizations. Thus, future studies should directly examine the relationship of particular large or small organizations. Last, this study is restricted in terms of reasonable time to observe all of the respondents and available resources to provide enough evidence. In addition, the sample size might be criticized as small that might not represent the overall populations in order to collect as much as useful data. As a result, these limitations might have affected the process of obtaining and interpreting the quality and the richness of the data.

#### **6.5 Future Research**

Taking into considerations, a large amount of research in CSR and firm performance is implicitly aligned toward examining a firm's productiveness in fulfilling certain requirements and expectations of specific stakeholders of the firms. Most of the empirical research in CSR and firm performance applies a serious

incompatible of control variables which the connection are done without careful discretion and they are not linked in theory regardless of triple bottom-line approach. Considering the different types of stakeholders ranging from individual to a large-scale group, each stakeholder has generally set one's own expectation from business. As a matter of fact, there is much remains to be done on the future research, researchers should firstly consider the importance of each stakeholder instance in order to measure a particular firm performance or firm behavior. Second, future research in CSR implementation could carry on in a number of orientations, for instance, more comprehensive researches should consider of investigating the causal factors associated with CSR and firm's financial performance. Third, the different sources of data concerning how to investigate the impact of CSR on firm performance should meet more tests for evidence in order to get the data reliability that is sufficient, accuracy, and error free. Fourth, future research should object to the time horizon of the relationships whether the relationships and the impact of CSR on firm performance maintain consistently in the time period. Lastly, researchers should investigate more on the empirical relationships between a business corporation and public enterprise or business corporation and civil society either by interviewing, observing, or surveying with public managers and nonprofit organization members since they all are the driving force to the success and sustainability of social responsibility value at large.

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## **APPENDICES**

## APPENDIX A

### SET Index in the Stock Exchange of Thailand (SET) Ended 2012

Symbol	Public Listed Companies	Industry Group	Sector
A	AREEYA PROPERTY	Property & Construction	Property Development
ABC	ASSET BRIGHT	Consumer Products	Fashion
ACD	ASIA CORPORATE DEVELOPMENT	Services	Tourism & Leisure
ADVANC	ADVANCED INFO SERVICE	Technology	Information & Communication Technology
AEC	AEC SECURITIES	Financials	Finance & Securities
AEONTS	AEON THANA SINSAP (THAILAND)	Financials	Finance & Securities
AFC	ASIA FIBER	Consumer Products	Fashion
AH	AAPICO HITECH	Industrials	Automotive
AHC	AIKCHOL HOSPITAL	Services	Health Care Services
AI	ASIAN INSULATORS	Resources	Energy & Utilities
AIT	ADVANCED INFORMATION TECHNOLOGY	Technology	Information & Communication Technology
AJ	A.J. PLAST	Industrials	Packaging
AKR	EKARAT ENGINEERING	Resources	Energy & Utilities
ALUCON	ALUCON	Industrials	Packaging
AMANAH	AMANAH LEASING	Financials	Finance & Securities
AMARIN	AMARIN PRINTING AND PUBLISHING	Services	Media & Publishing
AMATA	AMATA CORPORATION	Property & Construction	Property Development
AMC	ASIA METAL	Industrials	Steel
AOT	AIRPORTS OF THAILAND	Services	Transportation & Logistics
AP	AP (THAILAND)	Property & Construction	Property Development
APURE	AGRIPURE HOLDINGS	Agro & Food Industry	Food & Beverage
AQ	AQ ESTATE	Property & Construction	Property Development
AQUA	AQUA CORPORATION	Services	Media & Publishing
AS	ASIASOFT CORPORATION	Services	Media & Publishing
ASCON	ASCON CONSTRUCTION	Property & Construction	Construction Services
ASIA	ASIA HOTEL	Services	Tourism & Leisure
ASIAN	ASIAN SEAFOODS COLDSTORAGE	Agro & Food Industry	Agribusiness
ASIMAR	ASIAN MARINE SERVICES	Services	Transportation & Logistics
ASK	ASIA SERMKIJ LEASING	Financials	Finance & Securities
ASP	ASIA PLUS GROUP HOLDINGS SECURITIES	Financials	Finance & Securities
AYUD	SRI AYUDHYA CAPITAL	Financials	Insurance
BAFS	BANGKOK AVIATION FUEL	Resources	Energy & Utilities

Symbol	Public Listed Companies	Industry Group	Sector
	SERVICES		
BANPU	BANPU	Resources	Energy & Utilities
BAT-3K	THAI STORAGE BATTERY	Industrials	Automotive
BAY	BANK OF AYUDHYA	Financials	Banking
BBL	BANGKOK BANK	Financials	Banking
BCH	BANGKOK CHAIN HOSPITAL	Services	Health Care Services
BCP	THE BANGCHAK PETROLEUM	Resources	Energy & Utilities
BDMS	BANGKOK DUSIT MEDICAL	Services	Health Care Services
	SERVICES		
BEC	BEC WORLD	Services	Media & Publishing
BECL	BANGKOK EXPRESSWAY	Services	Transportation & Logistics
BFIT	BANGKOK FIRST INVESTMENT & TRUST	Financials	Finance & Securities
	TRUST		
BH	BUMRUNGRAD HOSPITAL	Services	Health Care Services
BIG	BIG CAMERA CORPORATION	Services	Commerce
BIGC	BIG C SUPERCENTER	Services	Commerce
BJC	BERLI JUCKER	Services	Commerce
BKI	BANGKOK INSURANCE	Financials	Insurance
BLA	BANGKOK LIFE ASSURANCE	Financials	Insurance
BLAND	BANGKOK LAND	Property & Construction	Property Development
BLISS	BLISS-TEL	Technology	Information & Communication Technology
BMCL	BANGKOK METRO	Services	Transportation & Logistics
BROCK	BAAN ROCK GARDEN	Property & Construction	Property Development
BSBM	BANGSAPHAN BARMILL	Industrials	Steel
BTC	BANGPAKONG TERMINAL	Services	Transportation & Logistics
BTNC	BOUTIQUE NEWCITY	Consumer Products	Fashion
BTS	BTS GROUP HOLDINGS	Services	Transportation & Logistics
BTSGIF	BTS RAIL MASS TRANSIT GROWTH INFRASTRUCTURE	Services	Transportation & Logistics
BUI	BANGKOK UNION INSURANCE	Financials	Insurance
BWG	BETTER WORLD GREEN	Services	Professional Services
CCET	CAL-COMP ELECTRONICS (THAILAND) .	Technology	Electronic Components
CCP	CHONBURI CONCRETE PRODUCT	Property & Construction	Construction Materials
CEI	COMPASS EAST INDUSTRY (THAILAND)	Consumer Products	Home & Office Products
CEN	CAPITAL ENGINEERING NETWORK	Industrials	Steel
CENTEL	CENTRAL PLAZA HOTEL	Services	Tourism & Leisure
CFRESH	SEAFRESH INDUSTRY	Agro & Food Industry	Food & Beverage
CGD	COUNTRY GROUP DEVELOPMENT	Property & Construction	Property Development
CGH	COUNTRY GROUP HOLDINGS	Financials	Finance & Securities
CHARAN	CHARAN INSURANCE	Financials	Insurance
CHOTI	KIANG HUAT SEA GULL TRADING FROZEN FOOD	Agro & Food Industry	Agribusiness

Symbol	Public Listed Companies	Industry Group	Sector
CI	CHARN ISSARA DEVELOPMENT	Property & Construction	Property Development
CIMBT	CIMB THAI BANK	Financials	Banking
CITY	CITY STEEL	Industrials	Steel
CK	CH. KARNCHANG	Property & Construction	Construction Services
CM	CHIANGMAI FROZEN FOODS	Agro & Food Industry	Agribusiness
CMR	CHIANG MAI RAM MEDICAL BUSINESS	Services	Health Care Services
CNS	CAPITAL NOMURA SECURITIES	Financials	Finance & Securities
CNT	CHRISTIANI & NIELSEN (THAI)	Property & Construction	Construction Services
CPALL	CP ALL	Services	Commerce
CPF	CHAROEN POKPHAND FOODS	Agro & Food Industry	Food & Beverage
CPH	CASTLE PEAK HOLDINGS	Consumer Products	Fashion
CPI	CHUMPORN PALM OIL INDUSTRY	Agro & Food Industry	Agribusiness
CPL	C.P.L. GROUP	Consumer Products	Fashion
CPN	CENTRAL PATTANA	Property & Construction	Property Development
CRANE	CHU KAI	Industrials	Industrial Materials & Machinery
CSC	CROWN SEAL	Industrials	Packaging
CSL	CS LOXINFO	Technology	Information & Communication Technology
CSP	CSP STEEL CENTER	Industrials	Steel
CSR	CITY SPORTS AND RECREATION	Services	Tourism & Leisure
CTW	CHAROONG THAI WIRE & CABLE	Industrials	Industrial Materials & Machinery
CWT	CHAI WATANA TANNERY GROUP	Industrials	Automotive
DCC	DYNASTY CERAMIC	Property & Construction	Construction Materials
DCON	DCON PRODUCTS	Property & Construction	Construction Materials
DELTA	DELTA ELECTRONICS (THAILAND)	Technology	Electronic Components
DEMCO	DEMCO	Resources	Energy & Utilities
DRACO	DRACO PCB	Technology	Electronic Components
DRT	DIAMOND BUILDING PRODUCTS	Property & Construction	Construction Materials
DSGT	DSG INTERNATIONAL (THAILAND)	Consumer Products	Personal Products & Pharmaceuticals
DTAC	TOTAL ACCESS COMMUNICATION	Technology	Information & Communication Technology
DTC	DUSIT THANI	Services	Tourism & Leisure
DTCI	D.T.C. INDUSTRIES	Consumer Products	Home & Office Products
EARTH	ENERGY EARTH	Resources	Energy & Utilities
EASON	EASON PAINT PUBLIC COMPANY LIMITED	Industrials	Automotive
EASTW	EASTERN WATER RESOURCES DEVELOPMENT	Resources	Energy & Utilities
ECL	EASTERN COMMERCIAL LEASING	Financials	Finance & Securities
EE	ETERNAL ENERGY	Agro & Food Industry	Agribusiness
EGCO	ELECTRICITY GENERATING	Resources	Energy & Utilities

Symbol	Public Listed Companies	Industry Group	Sector
EIC	ELECTRONICS INDUSTRY	Technology	Electronic Components
EMC	EMC	Property & Construction	Construction Services
EPCO	EASTERN PRINTING	Services	Media & Publishing
ERW	THE ERAWAN GROUP	Services	Tourism & Leisure
ESSO	ESSO (THAILAND)	Resources	Energy & Utilities
ESTAR	EASTERN STAR REAL ESTATE	Property & Construction	Property Development
EVER	EVERLAND	Property & Construction	Property Development
F&D	FOOD AND DRINKS	Agro & Food Industry	Food & Beverage
FANCY	FANCY WOOD INDUSTRIES	Consumer Products	Home & Office Products
FE	FAR EAST DDB	Services	Media & Publishing
FMT	FURUKAWA METAL (THAILAND)	Industrials	Industrial Materials & Machinery
FNS	FINANSA	Financials	Finance & Securities
FORTH	FORTH CORPORATION	Technology	Information & ComTech
FSS	FINANSIA SYRUS SECURITIES	Financials	Finance & Securities
GBX	GLOBLEX HOLDING MANAGEMENT	Financials	Finance & Securities
GC	GLOBAL CONNECTIONS	Industrials	Petrochemicals & Chemicals
GEL	GENERAL ENGINEERING	Property & Construction	Construction Materials
GENCO	GENERAL ENVIRONMENTAL CONSERVATION	Services	Professional Services
GFPT	GFPT	Agro & Food Industry	Agribusiness
GJS	G J STEEL	Industrials	Steel
GL	GROUP LEASE	Financials	Finance & Securities
GLAND	GRAND CANAL LAND	Property & Construction	Property Development
GLOBAL	SIAM GLOBAL HOUSE	Services	Commerce
GLOW	GLOW ENERGY	Resources	Energy & Utilities
GOLD	GOLDEN LAND PROPERTY DEVELOPMENT	Property & Construction	Property Development
GRAMMY	GMM GRAMMY	Services	Media & Publishing
GRAND	GRANDE ASSET HOTELS AND PROPERTY	Services	Tourism & Leisure
GSTEL	G STEEL	Industrials	Steel
GUNKUL	GUNKUL ENGINEERING	Resources	Energy & Utilities
GYT	GOODYEAR (THAILAND)	Industrials	Automotive
HANA	HANA MICROELECTRONICS	Technology	Electronic Components
HEMRAJ	HEMARAJ LAND AND DEVELOPMENT	Property & Construction	Property Development
HFT	HWA FONG RUBBER (THAILAND)	Industrials	Automotive
HMPRO	HOME PRODUCT CENTER	Services	Commerce
HTC	HAAD THIP	Agro & Food Industry	Food & Beverage
ICC	I.C.C. INTERNATIONAL	Consumer Products	Fashion
IEC	THE INTERNATIONAL ENGINEERING	Technology	Information & Communication Technology
IFEC	INTER FAR EAST ENGINEERING	Consumer Products	Home & Office Products

Symbol	Public Listed Companies	Industry Group	Sector
IFS	IFS CAPITAL (THAILAND)	Financials	Finance & Securities
IHL	INTERHIDES	Industrials	Automotive
INET	INTERNET THAILAND	Technology	Information & Communication Technology
INOX	POSCO-THAINOX	Industrials	Steel
INSURE	INDARA INSURANCE	Financials	Insurance
INTUCH	INTOUCH HOLDINGS	Technology	Information & Communication Technology
IRC	INOUE RUBBER (THAILAND)	Industrials	Automotive
IRPC	IRPC	Resources	Energy & Utilities
IT	IT CITY	Services	Commerce
ITD	ITALIAN-THAI DEVELOPMENT	Property & Construction	Construction Services
IVL	INDORAMA VENTURES	Industrials	Petrochemicals & Chemicals
JAS	JASMINE INTERNATIONAL	Technology	Information & Communication Technology
JCT	JACK CHIA INDUSTRIES (THAILAND)	Consumer Products	Personal Products & Pharmaceuticals
JMART	JAY MART	Technology	Information & Communication Technology
JMT	JMT NETWORK SERVICES	Financials	Finance & Securities
JTS	JASMINE TELECOM SYSTEMS	Technology	Information & Communication Technology
JUTHA	JUTHA MARITIME	Services	Transportation & Logistics
KAMART	KARMARTS	Services	Commerce
KBANK	KASIKORNBANK	Financials	Banking
KC	K.C. PROPERTY	Property & Construction	Property Development
KCAR	KRUNGTHAI CAR RENT AND LEASE	Financials	Finance & Securities
KCE	KCE ELECTRONICS	Technology	Electronic Components
KDH	THONBURI MEDICAL CENTRE	Services	Health Care Services
KGI	KGI SECURITIES (THAILAND)	Financials	Finance & Securities
KKC	KULTHORN KIRBY	Industrials	Industrial Materials & Machinery
KKP	KIATNAKIN BANK	Financials	Banking
KSL	KHON KAEN SUGAR INDUSTRY	Agro & Food Industry	Food & Beverage
KTB	KRUNG THAI BANK	Financials	Banking
KTC	KRUNGTHAI CARD	Financials	Finance & Securities
KTP	KEPPEL THAI PROPERTIES	Property & Construction	Property Development
KWC	KRUNGDHEP SOPHON	Services	Transportation & Logistics
KYE	KANG YONG ELECTRIC	Consumer Products	Home & Office Products
LALIN	LALIN PROPERTY	Property & Construction	Property Development
LANNA	THE LANNA RESOURCES	Resources	Energy & Utilities
LEE	LEE FEED MILL	Agro & Food Industry	Agribusiness
LH	LAND AND HOUSES	Property & Construction	Property Development
LHBANK	LH FINANCIAL GROUP	Financials	Banking



Symbol	Public Listed Companies	Industry Group	Sector
LHK	LOHAKIT METAL	Industrials	Steel
LIVE	LIVE INCORPORATION	Services	Media & Publishing
LOXLEY	LOXLEY	Services	Commerce
LPN	L.P.N. DEVELOPMENT	Property & Construction	Property Development
LRH	LAGUNA RESORTS & HOTELS	Services	Tourism & Leisure
LST	LAM SOON (THAILAND)	Agro & Food Industry	Food & Beverage
LTX	LUCKYTEX (THAILAND)	Consumer Products	Fashion
MACO	MASTER AD	Services	Media & Publishing
MAJOR	MAJOR CINEPLEX GROUP	Services	Media & Publishing
MAKRO	SIAM MAKRO	Services	Commerce
MALEE	MALEE SAMPRAN	Agro & Food Industry	Food & Beverage
MANRIN	THE MANDARIN HOTEL	Services	Tourism & Leisure
MATCH	MATCHING MAXIMIZE SOLUTION	Services	Media & Publishing
MATI	MATICHON	Services	Media & Publishing
MAX	MAX METAL CORPORATION	Industrials	Steel
MBK	MBK	Property & Construction	Property Development
MBKET	MAYBANK KIM ENG SECURITIES (THAILAND)	Financials	Finance & Securities
M-CHAI	MAHACHAI HOSPITAL	Services	Health Care Services
MCOT	MCOT	Services	Media & Publishing
MCS	M.C.S.STEEL	Industrials	Steel
MDX	M.D.X.	Resources	Energy & Utilities
METCO	MURAMOTO ELECTRON (THAILAND)	Technology	Electronic Components
MFC	MFC ASSET MANAGEMENT	Financials	Finance & Securities
MFEC	MFEC	Technology	Information & Communication Technology
MIDA	MIDA ASSETS	Services	Commerce
MILL	MILLCON STEEL	Industrials	Steel
MINT	MINOR INTERNATIONAL	Agro & Food Industry	Food & Beverage
MJD	MAJOR DEVELOPMENT	Property & Construction	Property Development
MK	M.K. REAL ESTATE DEVELOPMENT	Property & Construction	Property Development
ML	MIDA LEASING	Financials	Finance & Securities
MODERN	MODERNFORM GROUP	Consumer Products	Home & Office Products
MPIC	M PICTURES ENTERTAINMENT	Services	Media & Publishing
MSC	METRO SYSTEMS CORPORATION	Technology	Information & Communication Technology
MTI	MUANG THAI INSURANCE	Financials	Insurance
NC	NEWCITY (BANGKOK)	Consumer Products	Fashion
NCH	N. C. HOUSING	Property & Construction	Property Development
NEP	NEP REALTY AND INDUSTRY	Industrials	Packaging
NEW	WATTANA KARNPAET	Services	Health Care Services
NKI	THE NAVAKIJ INSURANCE	Financials	Insurance
NMG	NATION MULTIMEDIA GROUP	Services	Media & Publishing

Symbol	Public Listed Companies	Industry Group	Sector
NNCL	NAVANAKORN	Property & Construction	Property Development
NOBLE	NOBLE DEVELOPMENT	Property & Construction	Property Development
NPP	NIPPON PACK (THAILAND)	Industrials	Packaging
NSI	NAM SENG INSURANCE	Financials	Insurance
NTV	NONTHAVEJ HOSPITAL	Services	Health Care Services
NUSA	NUSASIRI	Property & Construction	Property Development
NWR	NAWARAT PATANAKARN	Property & Construction	Construction Services
OCC	O.C.C.	Consumer Products	Personal Products & Pharmaceuticals
OGC	OCEAN GLASS	Consumer Products	Home & Office Products
OHTL	OHTL	Services	Tourism & Leisure
PAE	PAE (THAILAND)	Property & Construction	Construction Services
PAF	PAN ASIA FOOTWEAR	Consumer Products	Fashion
PAP	PACIFIC PIPE	Industrials	Steel
PATO	PATO CHEMICAL INDUSTRY	Industrials	Petrochemicals & Chemicals
PB	PRESIDENT BAKERY	Agro & Food Industry	Food & Beverage
PDI	PADAENG INDUSTRY	Resources	Mining
PE	PREMIER ENTERPRISE	Financials	Finance & Securities
PERM	PERMSIN STEEL WORKS	Industrials	Steel
PF	PROPERTY PERFECT	Property & Construction	Property Development
PG	PEOPLE'S GARMENT	Consumer Products	Fashion
PK	PATKOL	Industrials	Industrial Materials & Machinery
PL	PHATRA LEASING	Financials	Finance & Securities
PLE	POWER LINE ENGINEERING	Property & Construction	Construction Services
PM	PREMIER MARKETING	Agro & Food Industry	Food & Beverage
POST	THE POST PUBLISHING	Services	Media & Publishing
PR	PRESIDENT RICE PRODUCTS	Agro & Food Industry	Food & Beverage
PRAKIT	PRAKIT HOLDINGS	Services	Media & Publishing
PRANDA	PRANDA JEWELRY	Consumer Products	Fashion
PREB	PRE-BUILT	Property & Construction	Construction Services
PRECHA	PREECHA GROUP	Property & Construction	Property Development
PRG	PATUM RICE MILL AND GRANARY	Agro & Food Industry	Agribusiness
PRIN	PRINSIRI	Property & Construction	Property Development
PRINC	PRINCIPAL CAPITAL	Property & Construction	Property Development
PRO	PROFESSIONAL WASTE TECHNOLOGY (1999)	Services	Professional Services
PS	PRUKSA REAL ESTATE	Property & Construction	Property Development
PSL	PRECIOUS SHIPPING	Services	Transportation & Logistics
PT	PREMIER TECHNOLOGY	Technology	Information & Communication Technology
PTL	POLYPLEX (THAILAND)	Industrials	Packaging
PTT	PTT	Resources	Energy & Utilities
PTTEP	PTT EXPLORATION AND PRODUCTION	Resources	Energy & Utilities

Symbol	Public Listed Companies	Industry Group	Sector
Q-CON	QUALITY CONSTRUCTION PRODUCTS	Property & Construction	Construction Materials
QH	QUALITY HOUSES	Property & Construction	Property Development
RAM	RAMKHAMHAENG HOSPITAL	Services	Health Care Services
RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING	Resources	Energy & Utilities
RCI	THE ROYAL CERAMIC INDUSTRY	Property & Construction	Construction Materials
RCL	REGIONAL CONTAINER LINES	Services	Transportation & Logistics
RICH	RICH ASIA STEEL	Industrials	Steel
RML	RAIMON LAND	Property & Construction	Property Development
ROBINS	ROBINSON DEPARTMENT STORE	Services	Commerce
ROCK	ROCKWORTH	Consumer Products	Home & Office Products
ROH	ROYAL ORCHID HOTEL (THAILAND)	Services	Tourism & Leisure
ROJNA	ROJANA INDUSTRIAL PARK	Property & Construction	Property Development
RPC	RPCG	Resources	Energy & Utilities
RS	RS	Services	Media & Publishing
S	SINGHA ESTATE	Property & Construction	Property Development
S & J	S & J INTERNATIONAL ENTERPRISES	Consumer Products	Personal Products & Pharmaceuticals
SABINA	SABINA	Consumer Products	Fashion
SAM	SAMCHAI STEEL INDUSTRIES	Industrials	Steel
SAMART	SAMART CORPORATION	Technology	Information & Communication Technology
SAMCO	SAMMAKORN	Property & Construction	Property Development
SAMTEL	SAMART TELCOMS	Technology	Information & Communication Technology
SAT	SOMBOON ADVANCE TECH	Industrials	Automotive
SAUCE	THAITHEPAROS	Agro & Food Industry	Food & Beverage
SAWANG	SAWANG EXPORT	Consumer Products	Fashion
SC	SC ASSET CORPORATION	Property & Construction	Property Development
SCAN	SCAN GLOBAL	Property & Construction	Property Development
SCB	THE SIAM COMMERCIAL BANK	Financials	Banking
SCC	THE SIAM CEMENT	Property & Construction	Construction Materials
SCCC	SIAM CITY CEMENT	Property & Construction	Construction Materials
SCG	SAHACOGEN (CHONBURI)	Resources	Energy & Utilities
SCP	SOUTHERN CONCRETE PILE	Property & Construction	Construction Materials
SEAFCO	SEAFCO	Property & Construction	Construction Services
SE-ED	SE-EDUCATION	Services	Media & Publishing
SENA	SENADEVELOPMENT	Property & Construction	Property Development
SF	SIAM FUTURE DEVELOPMENT	Property & Construction	Property Development
SFP	SIAM FOOD PRODUCTS	Agro & Food Industry	Food & Beverage
SGP	SIAMGAS AND PETROCHEMICALS	Resources	Energy & Utilities
SHANG	SHANGRI-LA HOTEL	Services	Tourism & Leisure
SIAM	SIAM STEEL INTERNATIONAL	Consumer Products	Home & Office Products

Symbol	Public Listed Companies	Industry Group	Sector
SIM	SAMART I-MOBILE	Technology	Information & Communication Technology
SINGER	SINGER THAILAND	Services	Commerce
SINGHA	SINGHA PARATECH	Property & Construction	Construction Materials
SIRI	SANSIRI	Property & Construction	Property Development
SIS	SIS DISTRIBUTION (THAILAND)	Technology	Information & Communication Technology
SITHAI	SRITHAI SUPERWARE	Consumer Products	Home & Office Products
SKR	SIKARIN	Services	Health Care Services
SMC	SMC POWER	Industrials	Automotive
SMG	SAMAGGI INSURANCE	Financials	Insurance
SMIT	SAHAMIT MACHINERY	Industrials	Steel
SMK	SYN MUN KONG INSURANCE	Financials	Insurance
SMM	SIAM INTER MULTIMEDIA	Services	Media & Publishing
SMPC	SAHAMITR PRESSURE CONTAINER	Industrials	Packaging
SMT	STARS MICROELECTRONICS (THAILAND)	Technology	Electronic Components
SNC	SNC FORMER	Industrials	Industrial Materials & Machinery
SNP	S & P SYNDICATE	Agro & Food Industry	Food & Beverage
SOLAR	SOLARTRON	Resources	Energy & Utilities
SORKON	S. KHONKAEN FOODS	Agro & Food Industry	Food & Beverage
SPACK	S. PACK & PRINT	Industrials	Packaging
SPALI	SUPALAI	Property & Construction	Property Development
SPC	SAHA PATHANAPIBUL	Services	Commerce
SPCG	SPCG	Resources	Energy & Utilities
SPG	THE SIAM PAN GROUP	Industrials	Automotive
SPI	SAHA PATHANA INTER-HOLDING	Services	Commerce
SPORT	SIAM SPORT SYNDICATE	Services	Media & Publishing
SPPT	SINGLE POINT PARTS (THAILAND)	Technology	Electronic Components
SSC	SERMSUK	Agro & Food Industry	Food & Beverage
SSF	SURAPON FOODS	Agro & Food Industry	Food & Beverage
SSI	SAHAVIRIYA STEEL INDUSTRIES	Industrials	Steel
SSSC	SIAM STEEL SERVICE CENTER	Industrials	Steel
SST	SUB SRI THAI	Agro & Food Industry	Food & Beverage
STA	SRI TRANG AGRO-INDUSTRY	Agro & Food Industry	Agribusiness
STANLY	THAI STANLEY ELECTRIC	Industrials	Automotive
STEC	SINO-THAI ENGINEERING AND CONSTRUCTION	Property & Construction	Construction Services
STHAI	SHUN THAI RUBBER GLOVES INDUSTRY	Consumer Products	Personal Products & Pharmaceuticals
STPI	STP&I	Property & Construction	Construction Services
SUC	SAHA-UNION	Consumer Products	Fashion
SUPER	SUPERBLOCK	Property & Construction	Construction Materials
SUSCO	SUSCO	Resources	Energy & Utilities

Symbol	Public Listed Companies	Industry Group	Sector
SVH	SAMITIVEJ	Services	Health Care Services
SVI	SVI	Technology	Electronic Components
SVOA	SVOA	Technology	Information & Communication Technology
SYMC	SYMPHONY COMMUNICATION	Technology	Information & Communication Technology
SYNEX	SYNNEX (THAILAND)	Technology	Information & Communication Technology
SYNTEC	SYNTEC CONSTRUCTION	Property & Construction	Construction Services
TASCO	TIPCO ASPHALT	Property & Construction	Construction Materials
TBSP	THAI BRITISH SECURITY PRINTING	Services	Media & Publishing
TC	TROPICAL CANNING (THAILAND)	Agro & Food Industry	Food & Beverage
TCAP	THANACHART CAPITAL	Financials	Banking
TCB	THAI CARBON BLACK	Industrials	Petrochemicals & Chemicals
TCC	THAI CAPITAL CORPORATION	Resources	Energy & Utilities
TCCC	THAI CENTRAL CHEMICAL	Industrials	Petrochemicals & Chemicals
TCJ	T.C.J. ASIA	Industrials	Industrial Materials & Machinery
TCMC	THAILAND CARPET MANUFACTURING	Property & Construction	Construction Materials
TCOAT	THAI COATING INDUSTRIAL	Industrials	Packaging
TEAM	TEAM PRECISION	Technology	Electronic Components
TF	THAI PRESIDENT FOODS	Agro & Food Industry	Food & Beverage
TFD	THAI FACTORY DEVELOPMENT	Property & Construction	Property Development
TFI	THAI FILM INDUSTRIES	Industrials	Packaging
TGCI	THAI-GERMAN CERAMIC INDUSTRY	Property & Construction	Construction Materials
TGPRO	THAI-GERMAN PRODUCTS PUBLIC	Industrials	Steel
TH	TONG HUA COMMUNICATIONS	Services	Media & Publishing
THAI	THAI AIRWAYS INTERNATIONAL	Services	Transportation & Logistics
THANI	RATCHTHANI LEASING	Financials	Finance & Securities
THCOM	THAICOM	Technology	Information & Communication Technology
THE	THE STEEL	Industrials	Steel
THIP	THANTAWAN INDUSTRY	Industrials	Packaging
THL	TONGKAH HARBOUR	Resources	Mining
THRE	THAI REINSURANCE	Financials	Insurance
THREL	THAIRE LIFE ASSURANCE	Financials	Insurance
TIC	THE THAI INSURANCE	Financials	Insurance
TICON	TICON INDUSTRIAL CONNECTION	Property & Construction	Property Development
TIP	DHIPAYA INSURANCE	Financials	Insurance
TIPCO	TIPCO FOODS	Agro & Food Industry	Food & Beverage
TISCO	TISCO FINANCIAL GROUP	Financials	Banking
TIW	THAILAND IRON WORKS	Industrials	Steel

Symbol	Public Listed Companies	Industry Group	Sector
TK	THITIKORN	Financials	Finance & Securities
TKS	T.K.S. TECHNOLOGIES	Services	Media & Publishing
TKT	T.KRUNGTHAI INDUSTRIES	Industrials	Automotive
TLUXE	THAILUXE ENTERPRISES	Agro & Food Industry	Agribusiness
TMB	TMB BANK	Financials	Banking
TMD	THAI METAL DRUM MANUFACTURING	Industrials	Packaging
TMT	THAI METAL TRADE	Industrials	Steel
TNITY	TRINITY WATTHANA	Financials	Finance & Securities
TNL	THANULUX	Consumer Products	Fashion
TNPC	THAI NAM PLASTIC	Industrials	Automotive
TOG	THAI OPTICAL GROUP	Consumer Products	Personal Products & Pharmaceuticals
TOP	THAI OIL	Resources	Energy & Utilities
TOPP	THAI O.P.P.	Industrials	Packaging
TPA	THAI POLY ACRYLIC	Industrials	Petrochemicals & Chemicals
TPC	THAI PLASTIC AND CHEMICALS	Industrials	Petrochemicals & Chemicals
TPCORP	TEXTILE PRESTIGE	Consumer Products	Fashion
TPIPL	TPI POLENE	Property & Construction	Construction Materials
TPOLY	THAI POLYCONS	Property & Construction	Construction Services
TPP	THAI PACKAGING & PRINTING	Industrials	Packaging
TR	THAI RAYON	Consumer Products	Fashion
TRC	TRC CONSTRUCTION	Property & Construction	Construction Services
TRS	TRANG SEAFOOD PRODUCTS	Agro & Food Industry	Agribusiness
TRU	THAI RUNG UNION CAR	Industrials	Automotive
TRUBB	THAI RUBBER LATEX CORPORATION (THAILAND)	Agro & Food Industry	Agribusiness
TRUE	TRUE CORPORATION	Technology	Information & Communication Technology
TRUEIF	TRUE TELECOMMUNICATIONS GROWTH INFRASTRUCTURE	Technology	Information & Communication Technology
TSC	THAI STEEL CABLE	Industrials	Automotive
TSI	THE THAI SETAKIJ INSURANCE	Financials	Insurance
TSTE	THAI SUGAR TERMINAL	Services	Transportation & Logistics
TSTH	TATA STEEL (THAILAND)	Industrials	Steel
TT&T	TT&T	Technology	Information & ComTech
TTA	THORESEN THAI AGENCIES	Services	Transportation & Logistics
TTCL	TTCL	Property & Construction	Construction Services
TTI	THAI TEXTILE INDUSTRY	Consumer Products	Fashion
TTL	TTL INDUSTRIES	Consumer Products	Fashion
TTTM	THAI TORAY TEXTILE MILLS	Consumer Products	Fashion
TTW	TTW	Resources	Energy & Utilities
TUCC	THAI UNIQUE COIL CENTER	Industrials	Steel
TUF	THAI UNION FROZEN PRODUCTS	Agro & Food Industry	Food & Beverage
TVI	THAIVIVAT INSURANCE	Financials	Insurance

Symbol	Public Listed Companies	Industry Group	Sector
TVO	THAI VEGETABLE OIL	Agro & Food Industry	Food & Beverage
TWFP	THAI WAH FOOD PRODUCTS	Agro & Food Industry	Food & Beverage
TWP	THAI WIRE PRODUCTS	Industrials	Steel
TWS	THAI WAH STARCH	Agro & Food Industry	Agribusiness
TWZ	TWZ CORPORATION	Technology	Information & Communication Technology
TYCN	TYCOONS WORLDWIDE GROUP (THAILAND)	Industrials	Steel
UMI	THE UNION MOSAIC INDUSTRY	Property & Construction	Construction Materials
UNIQ	UNIQUE ENGINEERING AND CONSTRUCTION	Property & Construction	Construction Services
UOBKH	UOB KAY HIAN SECURITIES (THAILAND)	Financials	Finance & Securities
UP	UNION PLASTIC	Industrials	Petrochemicals & Chemicals
UPF	UNION PIONEER	Consumer Products	Fashion
UPOIC	UNITED PALM OIL INDUSTRY	Agro & Food Industry	Agribusiness
UT	UNION TEXTILE INDUSTRIES	Consumer Products	Fashion
UTP	UNITED PAPER	Industrials	Paper & Printing Materials
UV	UNIVENTURES	Property & Construction	Property Development
UVAN	UNIVANICH PALM OIL	Agro & Food Industry	Agribusiness
VARO	VAROPAKORN	Industrials	Industrial Materials & Machinery
VIBHA	VIBHAVADI MEDICAL CENTER	Services	Health Care Services
VNG	VANACHAI GROUP	Property & Construction	Construction Materials
VNT	VINYTHAI	Industrials	Petrochemicals & Chemicals
WACOAL	THAI WACOAL	Consumer Products	Fashion
WAVE	WAVE ENTERTAINMENT	Services	Media & Publishing
WG	WHITE GROUP	Industrials	Petrochemicals & Chemicals
WIIC	WIIC & HOEGLUND	Property & Construction	Construction Materials
WIN	WYNCOAST INDUSTRIAL PARK	Property & Construction	Property Development
WORK	WORKPOINT ENTERTAINMENT	Services	Media & Publishing
YCI	YONG THAI	Industrials	Petrochemicals & Chemicals
YNP	YARNAPUND	Industrials	Automotive
ZMICO	SEAMICO SECURITIES	Financials	Finance & Securities

**Source:** Stock Exchange of Thailand, 2013.

## APPENDIX B

### QUANTITATIVE QUESTIONNAIRE

#### Part 1 Background Information of Respondents

Please indicate ✓ in ☐ on your true background information.

1. Company Name .....

2. Gender

☐ Male

☐ Female

3. Age

☐ Below 30 years old

☐ 30 - 40 years old

☐ 41 - 50 years old

☐ More than 50 years old

4. Education Level

☐ Bachelor's Degree

☐ Master's Degree

☐ Doctoral Degree

5. Position Status at Current Organization

☐ Frontline Management

☐ Middle Management

☐ Top Management

☐ Others (please specify) ...

6. Years of Work in Current Organization

☐ Less than 5 years

☐ 5 – 10 years

☐ 11 – 20 years

☐ More than 20 years



## Part 2 Business Characteristics of the Respondents

Please indicate ✓ in ☐ on business characteristics of your firm.

### 1. Industrial Category

- |  |  |
|--|--|
| <input type="checkbox"/> Agro and Food                 | <input type="checkbox"/> Consumer Products |
| <input type="checkbox"/> Financial                     | <input type="checkbox"/> Industries        |
| <input type="checkbox"/> Property and Construction     | <input type="checkbox"/> Resources         |
| <input type="checkbox"/> Service                       | <input type="checkbox"/> Technology        |
| <input type="checkbox"/> Others (please specify) ..... |  |

### 2. Business Model

- ☐ Domestic Business
- ☐ Import/Export Business
- ☐ Exporting and International Business

### 3. Operating time

- ☐ Less than 10 years
- ☐ 10 – 20 years
- ☐ More than 20 years

### 4. Investment Model

- ☐ Domestic
- ☐ Foreigner
- ☐ Joint Venture

### 5. Authorized Capital

- ☐ Less than 500 Million Baht
- ☐ 500 – 3,000 Million Baht
- ☐ More than 3,000 Million Baht

### 6. Size of Business

- |   |  |
|---|--|
| <input type="checkbox"/> Fewer than 100 Employees | <input type="checkbox"/> 100 – 300 Employees     |
| <input type="checkbox"/> 301 – 500 Employees      | <input type="checkbox"/> More than 500 Employees |

### 7. Operating Time since Listed in SET

- |  |   |
|--|---|
| <input type="checkbox"/> Less than 5 years | <input type="checkbox"/> 5 – 10 years       |
| <input type="checkbox"/> 11 – 20 years     | <input type="checkbox"/> More than 20 years |

### Part 3 CSR Activities Identified with Stakeholders: Employees, the Environment, and the Community

The following set of questions focuses specifically on the CSR activities by your firm. Please indicate whether you agree or disagree with each of the following statements:

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
<b>Employee Responsibility</b>					
1. Your firm has intentional arrangements for health, hygiene, safety, and welfare that provide sufficient protection for your employees.					
2. Your firm has an employee training and competency development policy.					
3. Your firm notifies the employee of their equal rights and benefits within the firm.					
4. Your firm systematically indicates the employee of their equal opportunities, i.e. promotions, sharing of information.					
5. Your firm builds a good relationship between the organization and employees.					
<b>Environmental Responsibility</b>					
6. Your firm strictly emphasizes the environmental law and regulation practices.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
<b>Environmental Responsibility (cont.)</b>					
7. Your firm seriously improves the environmental impact of products or services, i.e. air and noise pollution, water purification.					
8. Your firm clearly supplies clear and accurate environmental information on its product, services, and activities to customers, suppliers, the local community, etc.					
9. Your firm transparently implements and discloses the firm's operations under ISO 26000: social responsibility.					
10. Your firm annually provides CSR report, i.e. sustainability report, business performance under CSR.					
<b>Community Responsibility</b>					
11. Your firm encourages closer ties between the corporation and the community.					
12. Your firm invariably provides financial support for local community activities and projects (e.g. charitable donations or sponsorships).					
13. Your firm aims at enriching the quality of life within society regarding its needs and expectations.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
14. Your firm constantly participates in the community's development activities.					
15. Your firm attentively offers training opportunities to the local workforce and to disabled groups.					

#### Part 4 Benefit from CSR Activities

The following set of questions focuses specifically on the benefit from CSR activities to your firm. Please indicate whether you agree or disagree with each of the following statements:

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
1. Benefit to financial condition of the firm.					
2. Increasing organizational competitive advantage.					
3. Enhancing good reputation and organizational image.					
4. Minimizing conflict to customers.					
5. Implementing ISO 26000: social responsibility.					
6. Reducing cost and resource efficiency.					
7. Customers' perceptions are acceptable.					
8. Others (Please Specify) .....					

**Part 5 Consequences of CSR Activities: firm Performance, Competitive Advantage, and Corporate Reputation**

The following set of questions focuses specifically on the consequence of CSR activities to your firm. Please indicate whether you agree or disagree with each of the following statements:

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
<b>Firm Performance</b>					
<b>Privilege:</b>					
1. Your firm continues to make a profit from sales and services and achieve its goals.					
2. Enhancing firm's efficiency and productivity.					
3. By becoming more efficient in using energy and inputs, it will help to save cost of valuable resources which will help reducing the operation cost.					
4. Strong prospects for future growth.					
5. Better access to credit will create financial opportunity,					
6. Low risk investment.					
7. Attracting more stock traders.					
8. Attracting and Retaining employees.					
9. By attracting and retaining employees, the costs of labor turnover, recruitment, and training and development are reduced.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
10. Less trouble with public officers.					
<b>Market Growth:</b>					
11. Growth in sales circulation and turn over.					
12. Your firm continuously creates marketing growth rate.					
13. Understanding the demand side of the market when working with the firm's stakeholders.					
14. Understanding the demand side of the market when developing partnerships with Non-Governmental Organizations and other business.					
15. Growth in market value.					
16. Growth in average market value of the stock of each year.					
17. Growth in value added of products and services.					
18. Growth in value added of firm.					
19. Increased the identity of firm's products or services.					
20. Market positioning.					
<b>Positive Return:</b>					
21. Growth in cash flows.					
22. Your firm's return is positive according to its average rate return each year.					
23. It helps evaluating firm's ability to generate future returns.					
24. It helps reducing non-financial risk which will help with compliance issues and delivers on customer requirements.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
25. Your firm routinely exceeds requirements and added significant value to the present and future projects.					
26. Positive reactions of capital markets.					
27. Positive reputations that have often been linked to positive financial returns.					
28. Prescient positive return.					
29. Added value to the share price of the firm which will improve firm's stock price.					
30. Excess returns to stocks that are characterized by low debt and stable earn growth.					
<b>Competitive Advantage</b>					
<b>Stakeholder's Creditability:</b>					
1. Your firm's internal and external stakeholders have faith in the firm.					
2. Both local and foreign investors have confidence in the firm.					
3. Opportunity to acquire engaged workforce.					
4. Strengthen the sense of employee.					
5. Your firm is praised for its ethically operation dealing with stakeholders.					
6. Better access to license to operate.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
7. Employees contribute unique skills, perspective, and work ethics that help reduce employment cost overall					
8. Improving and tracking levels of trust in business.					
9. Firm's ability to effectively manage its stakeholder relationships and business arrangements.					
10. Your firm achieves better level of competition tendency.					
<b>Customer's Perspective:</b>					
11. Your firm achieves better customer attention.					
12. Stimulates and sustains customer demand.					
13. Increased the public's perceptions of firm in comparison to its main competitors.					
14. Your firm is able to keep its relationship to customers and increasing new ones.					
15. Offers products and services that are good value for money.					
16. Customers perceive that the firm delivers the highest quality work in an efficient manner.					
17. Value perception.					
18. Customers perceive that the firm develops new products and services which helped to reduce social and environmental problems.					



Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
19. Obstructed customer from thinking of competing products and services.					
20. Your firm provides excellent support and routinely provides increased efficiencies beyond minimum requirements.					
<b>Business's Aspect:</b>					
21. Your firm profoundly presents products and services to customer's level of acceptance.					
22. Firm's ability to ethically and professionally conduct business.					
23. Firm's ability to be in a stronger and niche position in the global competitive market.					
24. Your firm has an opportunity on new products and services development and innovation which aware to social and environment responsibility.					
25. Your firm obviously becomes the leaders of the industrial group.					
26. Strong tendency to be ahead competitors in product novelty and speed of innovation.					
27. Tends to outperform its competitors.					
28. Reduced competitors and obstructed new entrants to access the market.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
<b>Business's Aspect (cont.)</b>					
29. Your firm realizes the benefits of public and private partnerships regarding social welfare development.					
30. Improved rigid control on supplier concerning standard regarding human rights.					
<b>Corporate Reputation</b>					
<b>Confidentiality:</b>					
1. Your firm is credited by a state agency and other private organizations in terms of its moral management practices.					
2. Increased firm's opportunity of becoming a preferred supplier to customers and other firms.					
3. Customer loyalty to firm and firm's brand.					
4. Attested to shareholders, investors, and management team's integrity and merits.					
5. As marketing tools, firm interestedly builds value through gain in firm reputation and legitimacy.					
6. Management of environmental system.					
7. Achieved customer trust and satisfaction.					
8. Brand positioning as the first in customer's mind.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
9. Your firm acquired investor preference in doing business when other unethical firm's investments are available at a similar cost and quality.					
10. Stakeholders support in times of controversy.					
<b>Praise:</b>					
11. Your firm is widely characterized by the fact that it is growth, innovation and development oriented.					
12. Increased the press coverage firm received from being ethical.					
13. By receiving CSR award, firm received good signal from investors.					
14. Your firm is trusted by customers regarding its moral management practices.					
15. Your firm is believed by employees in its moral management practices.					
16. Your firm earns confidentiality from development associates and improves its economic.					
17. Reducing higher risk of reputation damage.					
18. Customer's awareness to firm and firm's products and services.					
19. Enhancing firm in good times and protect it during the bad ones.					

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
20. A symbol of identity and recognition for repeat purchase and values.					
<b>Opportunity:</b> 21. Your firm's policy, CSR and benefits are entirely acceptable and fair.					
22. Employees want to work in your ethical firm.					
23. Implementing community development programs will provide employees with additional opportunities to develop professional skills, such as leadership and project management.					
24. License to operate.					
25. Your firm has a reputation as one of virtue and generous firm.					
26. Lesser risk of negative rare events.					
27. Entry barriers are low and exit barriers are high.					
28. Preventing customers from switching to alternative products and services or unethical firms.					
29. Less affect from customer's sensitivity to price changes.					
30. Firm's awards or news coverage would likely grow the pie.					

## Part 6 Problems and Activity Hindrances in CSR Activities

The following set of questions focuses specifically on the problems and CSR activities' hindrances by your firm. Please indicate whether you agree or disagree with each of the following statements:

Factors	Level of Importance				
	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
	5	4	3	2	1
1. Top management cooperation					
2. Employee cooperation					
3. Operation budget					
4. Personnel in charge of the project					
5. The collaboration of all stakeholders					
6. Others (please specify) .....					

## Part 7 Other Suggestions

If there is additional information you wish to offer, feel free to write your comments.

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## APPENDIX C

### THE MEAN VALUE AND STANDARD DEVIATION OF ALL THE PARAMETERS FOR THE CONSEQUENCE RELATED TO CSR

Factor	Mean	S.D.
<b>Firm Performance</b>	<b>3.38</b>	<b>0.938</b>
<b>Privilege:</b>		
1. Your firm continues to make a profit from sales and services and achieve its goals.	3.41	0.988
2. Enhancing firm's efficiency and productivity.	3.38	2.123
3. Growth in profitability.	3.36	0.957
4. By becoming more efficient in using energy and inputs, it will help to save cost of valuable resources which will help reducing the operation cost.	3.32	0.884
5. Strong prospects for future growth.	3.32	0.928
6. Better access to credit which will create financial opportunity.	3.27	0.861
7. Low risk investment.	3.27	0.917
8. Added value to the share price of the firm which will improve firm's stock price.	3.26	0.804
9. Attracting and Retaining employees.	3.31	0.852
10. By attracting and retaining employees, the costs of labor turnover, recruitment, and training and development are reduced.	3.16	0.613
<b>Market Growth:</b>		
11. Growth in sales circulation and turn over.	3.32	0.735
12. The firm continuously creates marketing growth rate	3.31	0.745
13. Understanding the demand side of the market when working with the firm's stakeholders.	3.49	0.845
14. Understanding the demand side of the market when developing partnerships with Non-Governmental Organizations and other business.	3.36	0.715
15. Growth in market value.	3.31	0.753

Factor	Mean	S.D.
16. Growth in average market value of the stock of each year.	3.40	0.802
17. Growth in value added of products and services.	3.41	0.815
18. Growth in value added of firm.	3.31	0.745
19. Increased the worth of firm's products and services.	3.26	0.816
20. Market positioning	3.48	0.702
<b>Positive Return:</b>		
21. Growth in cash flows.	3.25	0.807
22. Growth in revenue.	3.19	0.577
23. Your firm's return is positive according to its average rate return each year.	3.43	0.927
24. It helps evaluating firm's ability to generate future returns.	3.32	0.861
25. It helps reducing non-financial risk which will help with compliance issues and delivers on customer requirements.	3.25	0.849
26. Your firm routinely exceeds requirements and added significant value to the present and future projects.	3.38	0.842
27. Positive reactions of capital markets.	3.27	0.917
28. Positive reputations that have often been linked to positive financial returns.	3.36	0.814
29. Prescient positive return.	3.31	0.823
30. Excess returns to stocks that are characterized by low debt and stable earn growth.	3.38	3.657
<b>Competitive Advantage</b>		
<b>Stakeholder's Creditability:</b>		
1. Your firm's internal and external stakeholders trusted in the firm.	3.49	0.845
2. Both local and foreign investors have trusted in the firm.	3.36	0.715
3. Your firm's ability to use and retain qualified employees.	3.36	0.744
4. Strengthen the sense of employee.	3.41	0.822
5. Your firm is named for its ethically dealing with stakeholders.	3.45	0.837
6. Attracted more qualified employees.	3.41	0.815
7. Employees contribute unique skills, perspective, and work ethics that help reduce employment cost overall.	3.39	0.794
8. Improving and tracking levels of trust in business.	3.46	0.844
9. Firm's ability to effectively manage its stakeholder relationships and business arrangements.	3.99	0.894
10. Your firm achieves better level of competition tendency.		
<b>Customer's Perspective:</b>		
11. Your firm achieves better customer attention.	3.48	0.802
	3.68	3.019

<b>Factor</b>	<b>Mean</b>	<b>S.D.</b>
12. Stimulates and sustains customer demand.	3.43	2.128
13. Increased the public's perceptions of firm in comparison to its main competitors.	3.45	0.928
14. Your firm is able to keep its relationship to customers and increasing new ones.	3.35	0.848
15. Offers products and services that are good value for money.	3.32	0.928
16. Customers perceive that the firm delivers the highest quality work in an efficient manner.	3.96	0.890
17. Value perception.	3.27	0.917
18. Customer perceived that firm develops new products and services which helped to reduce social and environmental problems.	3.32	0.813
19. Obstructed customer from thinking of competing products and services.	3.34	0.817
20. Your firm provides excellent support and routinely provides increased efficiencies beyond minimum requirements.	3.29	0.660
<b>Business's Aspect</b>		
21. Your firm fairly presents products and services to customer's level of acceptance.	3.50	0.930
22. Firm's ability to be in a stronger and niche position in the global competitive market.	3.29	0.631
23. Your firm became the leaders of the industrial group.	3.46	0.879
24. Your firm has an opportunity on new products and services development and innovation which aware to social and environment responsibility.	3.32	0.884
25. Strong tendency to be ahead competitors in product novelty and speed of innovation.	3.41	0.930
26. Your firm realizes the benefits of public and private partnerships regarding social welfare development.	3.85	0.944
27. Tends to outperform its competitors.	3.27	0.861
28. Reduced competitors and obstructed new entrants to access the market.	3.33	0.897
29. Improved rigid control on supplier concerning standard regarding human rights.	3.38	0.883
30. Firm's ability to ethically and professionally conduct business.	3.28	0.851



Factor	Mean	S.D.
<b>Corporate Reputation</b>		
<b>Confidentiality:</b>		
1. Your firm is credited by a state agency and other private organizations in terms of its moral management practices.	3.36	0.769
2. Increased firm's opportunity of becoming a preferred supplier to customers and other firms.	3.77	0.862
3. Customer loyalty to firm and firm's brand.	3.36	0.723
4. Attested to shareholders, investors, and management team's integrity and merits.	3.42	2.156
5. As marketing tools, firm builds value through gain in firm reputation and legitimacy.	3.40	0.802
6. Management of environmental system.	3.42	0.798
7. Achieved customer trust and satisfaction.	3.31	0.746
8. Brand positioning as the first in customer's mind.	3.41	0.816
9. Your firm acquired investor preference in doing business when other unethical firm's investments are available at a similar cost and quality.	3.26	0.702
10. Stakeholders support in times of controversy.	3.51	0.827
<b>Praise:</b>		
11. Your firm is characterized by the fact that it is growth, innovation and development oriented.	3.44	0.965
12. Increased the press coverage firm received from being ethical.	3.25	0.616
13. By receiving CSR award, firm received good signal from investors.	3.36	0.957
14. Your firm is trusted by customers regarding its moral management practices.	3.63	0.990
15. Your firm is credited by employees in its moral management practice.	3.52	2.238
16. Your firm earns confidentiality from development associates and improves its economic.	3.27	0.861
17. Reducing higher risk of reputation damage.	3.29	0.889
18. Customer's awareness to firm and firm's products and services.	3.31	0.822
19. Enhancing firm in good times and protect it during the bad ones.	3.34	0.852
20. A symbol of identity and recognition for repeat purchase and values.	3.24	0.687
<b>Opportunity:</b>		
21. Your firm's policy, CSR and benefits are acceptable and fair.	3.41	0.983

<b>Factor</b>	<b>Mean</b>	<b>S.D.</b>
22. Employees want to work in a firm that they trust.	3.32	0.623
23. Implementing community development programs will provide employees with additional opportunities to develop professional skills, such as leadership and project management.	3.65	0.963
24. License to operate.	3.42	0.835
25. Your firm has a reputation as one of virtue and generous firm.	3.36	0.951
26. Lesser risk of negative rare events.	3.34	0.881
27. Entry barriers are low and exit barriers are high.	3.31	0.898
28. Preventing customers from switching to alternative products and services or unethical firms	3.30	0.897
29. Less affect from customer's sensitivity to price changes.	3.31	0.847
30. Firm's awards or news coverage would likely grow the pie.	3.37	2.332

## **APPENDIX D**

### **SEM ANALYSIS SUMMARY**

#### **Groups**

##### **Group number 1 (Group number 1)**

##### **Notes for Group (Group number 1)**

The model is recursive.

Sample size = 200

##### **Variable Summary (Group number 1)**

##### **Your model contains the following variables (Group number 1)**

Observed, endogenous variables

r1

r2

r3

r7

r8

r9

r6

r5

r4

o3

o2

o1

Unobserved, endogenous variables

F4

F2

F3

F1

Unobserved, exogenous variables

e16

e17

e18

e19

e20

e21

e22

e23

e24

e28

e29

e30

e31

e32

e33

e34

**Variable counts (Group number 1)**

Number of variables in your model:	32
------------------------------------	----

Number of observed variables:	12
-------------------------------	----

Number of unobserved variables:	20
---------------------------------	----

Number of exogenous variables:	16
--------------------------------	----

Number of endogenous variables:	16
---------------------------------	----

**Parameter Summary (Group number 1)**

	<b>Weights</b>	<b>Covariances</b>	<b>Variances</b>	<b>Means</b>	<b>Intercepts</b>	<b>Total</b>
Fixed	20	0	0	0	0	20
Labeled	0	0	0	0	0	0
Unlabeled	13	0	16	0	0	29
Total	33	0	16	0	0	49

**Models****Notes for Model (Default model)****Computation of degrees of freedom (Default model)**

Number of distinct sample moments: 78

Number of distinct parameters to be estimated: 29

Degrees of freedom (78 - 29): 49

**Result (Default model)**

Minimum was achieved

Chi-square = 114.887

Degrees of freedom = 49

Probability level = .000

**Group number 1 (Group number 1 - Default model)****Estimates (Group number 1 - Default model)****Scalar Estimates (Group number 1 - Default model)****Maximum Likelihood Estimates**

**Regression Weights: (Group number 1 - Default model)**

		Estimate	S.E.	C.R.	P	Label
F3	<--- F1	.942	.081	11.615	***	
F2	<--- F1	.651	.068	9.541	***	
F4	<--- F1	-.059	.635	-.093	.926	
F4	<--- F2	-.373	.733	-.509	.611	
F4	<--- F3	1.153	.342	3.374	***	
r1	<--- F4	1.000				
r2	<--- F4	.986	.060	16.317	***	
r3	<--- F4	.977	.066	14.711	***	
r7	<--- F2	1.000				
r8	<--- F2	1.226	.140	8.730	***	
r9	<--- F2	1.106	.138	7.998	***	
r6	<--- F3	1.000				
r5	<--- F3	1.104	.097	11.348	***	
r4	<--- F3	1.098	.088	12.409	***	
o3	<--- F1	1.000				
o2	<--- F1	.868	.063	13.886	***	
o1	<--- F1	.947	.055	17.354	***	

**Standardized Regression Weights: (Group number 1 - Default model)**

		Estimate
F3	<--- F1	.916
F2	<--- F1	.941
F4	<--- F1	-.046
F4	<--- F2	-.202
F4	<--- F3	.927
r1	<--- F4	.886
r2	<--- F4	.883
r3	<--- F4	.823
r7	<--- F2	.640
r8	<--- F2	.755
r9	<--- F2	.674
r6	<--- F3	.746
r5	<--- F3	.799
r4	<--- F3	.869
o3	<--- F1	.887
o2	<--- F1	.778
o1	<--- F1	.878

**Variances: (Group number 1 - Default model)**

	Estimate	S.E.	C.R.	P	Label
e28	.466	.059	7.848	***	
e29	.079	.023	3.432	***	
e30	.025	.014	1.802	.072	

	Estimate	S.E.	C.R.	P	Label
e31	.367	.063	5.825	***	
e16	.209	.035	6.024	***	
e17	.209	.034	6.112	***	
e18	.346	.045	7.767	***	
e19	.322	.036	8.887	***	
e20	.253	.033	7.628	***	
e21	.328	.038	8.639	***	
e22	.394	.045	8.753	***	
e23	.342	.042	8.225	***	
e24	.193	.029	6.739	***	
e32	.127	.018	7.071	***	
e33	.229	.026	8.789	***	
e34	.124	.017	7.320	***	

### Matrices (Group number 1 - Default model)

#### Residual Covariances (Group number 1 - Default model)

	o1	o2	o3	r4	r5	r6	r9	r8	r7	r3	r2	r1
o1	.000											
o2	.004	.000										
o3	.015	-.028	.000									
r4	-.021	-.009	.031	.000								
r5	-.066	.013	-.022	.022	.000							
r6	.007	.073	.028	-.037	.016	.000						
r9	.009	.009	-.018	-.038	.003	.060	.000					
r8	-.002	.046	-.030	.036	.013	-.005	.001	.000				
r7	.014	-.037	.012	-.027	-.016	.049	.011	-.009	.000			
r3	-.003	.080	.003	.045	.037	.018	.004	.013	.013	.000		
r2	-.015	.079	.021	.001	.026	-.059	.017	-.002	.012	-.013	.000	
r1	-.065	.054	-.035	-.015	.005	-.053	-.009	-.019	.017	.000	.007	.000

#### Standardized Residual Covariances (Group number 1 - Default model)

	o1	o2	o3	r4	r5	r6	r9	r8	r7	r3	r2	r1
o1	.000											
o2	.076	.000										
o3	.286	-.545	.000									
r4	-.370	-.164	.528	.000								
r5	-1.088	.207	-.353	.296	.000							
r6	.114	1.271	.468	-.524	.209	.000						
r9	.187	.202	-.374	-.691	.059	1.055	.000					
r8	-.043	.970	-.599	.646	.217	-.084	.029	.000				
r7	.319	-.841	.255	-.533	-.295	.914	.250	-.205	.000			
r3	-.048	1.334	.042	.614	.465	.232	.064	.217	.228	-.004		
r2	-.260	1.379	.361	.008	.351	-.815	.295	-.034	.221	-.151	-.005	
r1	-1.144	.942	-.578	-.205	.066	-.725	-.163	-.334	.322	.002	.078	-.005

**Total Effects (Group number 1 - Default model)**

	F1	F3	F2	F4
F3	.942	.000	.000	.000
F2	.651	.000	.000	.000
F4	.785	1.153	-.373	.000
o1	.947	.000	.000	.000
o2	.868	.000	.000	.000
o3	1.000	.000	.000	.000
r4	1.034	1.098	.000	.000
r5	1.040	1.104	.000	.000
r6	.942	1.000	.000	.000
r9	.720	.000	1.106	.000
r8	.798	.000	1.226	.000
r7	.651	.000	1.000	.000
r3	.767	1.127	-.364	.977
r2	.774	1.137	-.368	.986
r1	.785	1.153	-.373	1.000

**Standardized Total Effects (Group number 1 - Default model)**

	F1	F3	F2	F4
F3	.916	.000	.000	.000
F2	.941	.000	.000	.000
F4	.613	.927	-.202	.000
o1	.878	.000	.000	.000
o2	.778	.000	.000	.000
o3	.887	.000	.000	.000
r4	.796	.869	.000	.000
r5	.732	.799	.000	.000
r6	.683	.746	.000	.000
r9	.634	.000	.674	.000
r8	.711	.000	.755	.000
r7	.602	.000	.640	.000
r3	.505	.763	-.166	.823
r2	.542	.819	-.178	.883
r1	.543	.821	-.179	.886

**Direct Effects (Group number 1 - Default model)**

	F1	F3	F2	F4
F3	.942	.000	.000	.000
F2	.651	.000	.000	.000
F4	-.059	1.153	-.373	.000
o1	.947	.000	.000	.000
o2	.868	.000	.000	.000
o3	1.000	.000	.000	.000
r4	.000	1.098	.000	.000
r5	.000	1.104	.000	.000



	F1	F3	F2	F4
r6	.000	1.000	.000	.000
r9	.000	.000	1.106	.000
r8	.000	.000	1.226	.000
r7	.000	.000	1.000	.000
r3	.000	.000	.000	.977
r2	.000	.000	.000	.986
r1	.000	.000	.000	1.000

### Standardized Direct Effects (Group number 1 - Default model)

	F1	F3	F2	F4
F3	.916	.000	.000	.000
F2	.941	.000	.000	.000
F4	-.046	.927	-.202	.000
o1	.878	.000	.000	.000
o2	.778	.000	.000	.000
o3	.887	.000	.000	.000
r4	.000	.869	.000	.000
r5	.000	.799	.000	.000
r6	.000	.746	.000	.000
r9	.000	.000	.674	.000
r8	.000	.000	.755	.000
r7	.000	.000	.640	.000
r3	.000	.000	.000	.823
r2	.000	.000	.000	.883
r1	.000	.000	.000	.886

### Indirect Effects (Group number 1 - Default model)

	F1	F3	F2	F4
F3	.000	.000	.000	.000
F2	.000	.000	.000	.000
F4	.844	.000	.000	.000
o1	.000	.000	.000	.000
o2	.000	.000	.000	.000
o3	.000	.000	.000	.000
r4	1.034	.000	.000	.000
r5	1.040	.000	.000	.000
r6	.942	.000	.000	.000
r9	.720	.000	.000	.000
r8	.798	.000	.000	.000
r7	.651	.000	.000	.000
r3	.767	1.127	-.364	.000
r2	.774	1.137	-.368	.000
r1	.785	1.153	-.373	.000

**Standardized Indirect Effects (Group number 1 - Default model)**

	F1	F3	F2	F4
F3	.000	.000	.000	.000
F2	.000	.000	.000	.000
F4	.660	.000	.000	.000
o1	.000	.000	.000	.000
o2	.000	.000	.000	.000
o3	.000	.000	.000	.000
r4	.796	.000	.000	.000
r5	.732	.000	.000	.000
r6	.683	.000	.000	.000
r9	.634	.000	.000	.000
r8	.711	.000	.000	.000
r7	.602	.000	.000	.000
r3	.505	.763	-.166	.000
r2	.542	.819	-.178	.000
r1	.543	.821	-.179	.000

**Modification Indices (Group number 1 - Default model)****Covariances: (Group number 1 - Default model)**

		M.I.	Par Change
e34 <-->	e29	11.095	-.039
e33 <-->	e29	4.355	.031
e33 <-->	e31	7.811	.072
e32 <-->	e34	4.305	.023
e32 <-->	e33	7.567	-.040
e24 <-->	e32	8.520	.043
e23 <-->	e29	4.793	.040
e23 <-->	e34	8.013	-.051
e22 <-->	e29	5.496	-.045
e22 <-->	e33	5.073	.054
e22 <-->	e24	5.237	-.054
e21 <-->	e24	5.592	-.052
e20 <-->	e33	8.573	.058
e20 <-->	e32	6.837	-.042
e20 <-->	e24	5.224	.045
e19 <-->	e33	5.148	-.048

**Variances: (Group number 1 - Default model)****M.I. Par Change****Regression Weights: (Group number 1 - Default model)**

		M.I.	Par Change
o1 <---	r5	5.353	-.068
o1 <---	r1	4.162	-.059
o2 <---	F4	5.078	.097
o2 <---	r2	4.774	.081
o2 <---	r1	5.509	.085

**Minimization History (Default model)**

Iteration		Negative eigenvalues	Condition #	Smallest eigenvalue	Diameter	F	NTries	Ratio
0	e	8		-.552	9999.000	1709.951	0	9999.000
1	e*	8		-.194	3.288	805.050	20	.368
2	e	3		-.194	.888	426.980	5	.853
3	e*	0	213.940		.877	209.101	5	.880
4	e	1		-.326	.800	191.055	3	.000
5	e	0	3708.257		.355	129.618	5	.862
6	e	0	3176.173		.806	116.387	1	.982
7	e	0	1008.637		.711	115.286	1	.718
8	e	0	1397.225		.152	114.905	1	1.038
9	e	0	1437.093		.082	114.887	1	.994
10	e	0	1454.197		.001	114.887	1	.999

### Model Fit Summary

#### CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	29	114.887	49	.000	2.345
Saturated model	78	.000	0		
Independence model	12	1688.960	66	.000	25.590

#### RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.029	.919	.871	.577
Saturated model	.000	1.000		
Independence model	.372	.241	.103	.204

#### Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.932	.908	.960	.945	.959
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

#### Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.742	.692	.712
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

**NCP**

Model	NCP	LO 90	HI 90
Default model	65.887	38.394	101.092
Saturated model	.000	.000	.000
Independence model	1622.960	1492.736	1760.563

**FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	.577	.331	.193	.508
Saturated model	.000	.000	.000	.000
Independence model	8.487	8.156	7.501	8.847

**RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.082	.063	.102	.004
Independence model	.352	.337	.366	.000

**AIC**

Model	AIC	BCC	BIC	CAIC
Default model	172.887	176.941	268.538	297.538
Saturated model	156.000	166.903	413.269	491.269
Independence model	1712.960	1714.638	1752.540	1764.540

**ECVI**

Model	ECVI	LO 90	HI 90	MECVI
Default model	.869	.731	1.046	.889
Saturated model	.784	.784	.784	.839
Independence model	8.608	7.953	9.299	8.616

**HOELTER**

Model	HOELTER .05	HOELTER .01
Default model	115	130
Independence model	11	12

**Execution time summary**

Minimization:	.000
Miscellaneous:	.203
Bootstrap:	.000
Total:	.203

## APPENDIX E

### REGRESSION SUMMARY

#### Regression

##### Variables Entered/Removed<sup>b</sup>

Model	Variables Entered	Variables Removed	Method
1	NET PROFIT 2010, ROE 2010, ROA 2010, TOTAL REVENUE 2010, TOTAL LIABILITIES 2010, TOTAL ASSET 2010 <sup>a</sup>	.	Enter

a. All requested variables entered.

b. Dependent Variable: CSR

##### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.197 <sup>a</sup>	.039	.010	.62519

a. Predictors: (Constant), NET PROFIT 2010, ROE 2010, ROA 2010, TOTAL REVENUE 2010, TOTAL LIABILITIES 2010, TOTAL ASSET 2010

##### ANOVA<sup>b</sup>

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.119	6	.520	1.330	.245 <sup>a</sup>
	Residual	77.391	198	.391		
	Total	80.510	204			

a. Predictors: (Constant), NET PROFIT 2010, ROE 2010, ROA 2010, TOTAL REVENUE 2010, TOTAL LIABILITIES 2010, TOTAL ASSET 2010

**Coefficients<sup>a</sup>**

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.953	.067		59.245	.000		
	ROA 2010	-.003	.005	-.052	-.624	.534	.702	1.424
	ROE 2010	.000	.000	.117	1.493	.137	.788	1.269
	TOTAL ASSET 2010	-2.602E-6	.000	-.406	-.491	.624	.007	141.277
	TOTAL LIABILITIES 2010	1.045E-5	.000	.901	1.458	.147	.013	78.723
	TOTAL REVENUE 2010	-9.319E-7	.000	-.210	-.824	.411	.075	13.386
	NET PROFIT 2010	-1.715E-5	.000	-.207	-.827	.409	.077	12.945

a. Dependent Variable: CSR

**Regression****Variables Entered/Removed<sup>b</sup>**

Model	Variables Entered	Variables Removed	Method
1	NET PROFIT 2011, ROE 2011, ROA 2011, TOTAL REVENUE 2011, TOTAL LIABILITIES 2011, TOTAL ASSET 2011 <sup>a</sup>		Enter

a. All requested variables entered.

b. Dependent Variable: CSR

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.180 <sup>a</sup>	.032	.003	.62730

a. Predictors: (Constant), NET PROFIT 2011, ROE 2011, ROA 2011, TOTAL REVENUE 2011, TOTAL LIABILITIES 2011, TOTAL ASSET 2011

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.596	6	.433	1.100	.364 <sup>a</sup>
	Residual	77.914	198	.394		
	Total	80.510	204			

a. Predictors: (Constant), NET PROFIT 2011, ROE 2011, ROA 2011, TOTAL REVENUE 2011, TOTAL LIABILITIES 2011, TOTAL ASSET 2011

b. Dependent Variable: CSR

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.919	.060		65.601	.000		
	ROA 2011	.002	.005	.039	.431	.667	.601	1.663
	ROE 2011	-.001	.001	-.130	-1.535	.126	.679	1.472
	TOTAL ASSET 2011	-3.046E-6	.000	-.535	-.495	.621	.004	239.312
	TOTAL LIABILITIES 2011	7.188E-6	.000	.703	.848	.397	.007	140.745
	TOTAL REVENUE 2011	8.306E-8	.000	.024	.104	.918	.092	10.820
	NET PROFIT 2011	-8.103E-6	.000	-.113	-.427	.670	.070	14.365

a. Dependent Variable: CSR

**Regression****Variables Entered/Removed<sup>b</sup>**

Model	Variables Entered	Variables Removed	Method
1	NET PROFIT 2012, ROE 2012, ROA 2012, TOTAL REVENUE 2012, TOTAL LIABILITIES 2012, TOTAL ASSET 2012 <sup>a</sup>	.	Enter

a. All requested variables entered.

b. Dependent Variable: CSR

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.132 <sup>a</sup>	.018	-.012	.63205

a. Predictors: (Constant), NET PROFIT 2012, ROE 2012, ROA 2012, TOTAL REVENUE 2012, TOTAL LIABILITIES 2012, TOTAL ASSET 2012

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.413	6	.235	.589	.739 <sup>a</sup>
	Residual	79.097	198	.399		
	Total	80.510	204			

a. Predictors: (Constant), NET PROFIT 2012, ROE 2012, ROA 2012, TOTAL REVENUE 2012, TOTAL LIABILITIES 2012, TOTAL ASSET 2012

b. Dependent Variable: CSR



**Coefficients<sup>a</sup>**

		Unstandardized		Standardized				
		Coefficients		Coefficients		Collinearity Statistics		
		Std.						
Model		B	Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.937	.060		66.139	.000		
	ROA 2012	.000	.004	-.015	-.180	.857	.689	1.451
	ROE 2012	.000	.000	-.023	-.302	.763	.847	1.181
	TOTAL ASSET 2012	-4.613E-6	.000	-.952	-1.180	.240	.008	131.258
	TOTAL LIABILITIES 2012	8.277E-6	.000	.954	1.478	.141	.012	83.984
	TOTAL REVENUE 2012	-1.147E-7	.000	-.038	-.178	.859	.110	9.102
	NET PROFIT 2012	8.378E-6	.000	.123	.507	.613	.085	11.792

a. Dependent Variable: CSR

**Regression****Variables Entered/Removed<sup>b</sup>**

Model	Variables Entered	Variables Removed	Method
1	NET PROFIT 2013, ROA 2013, ROE 2013, TOTAL REVENUE 2013, TOTAL LIABILITIES 2013, TOTAL ASSET 2013 <sup>a</sup>		Enter

a. All requested variables entered.

b. Dependent Variable: CSR

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.147 <sup>a</sup>	.022	-.008	.63071

a. Predictors: (Constant), NET PROFIT 2013, ROA 2013, ROE 2013, TOTAL REVENUE 2013, TOTAL LIABILITIES 2013, TOTAL ASSET 2013

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.747	6	.291	.732	.624 <sup>a</sup>
	Residual	78.763	198	.398		
	Total	80.510	204			

a. Predictors: (Constant), NET PROFIT 2013, ROA 2013, ROE 2013, TOTAL REVENUE 2013, TOTAL LIABILITIES 2013, TOTAL ASSET 2013

b. Dependent Variable: CSR

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	3.971	.062		63.865	.000		
	ROA 2013	.000	.008	.003	.028	.977	.340	2.940
	ROE 2013	-.004	.004	-.140	-1.086	.279	.299	3.344
	TOTAL ASSET 2013	-2.774E-6	.000	-.641	-.860	.391	.009	112.508
	TOTAL LIABILITIES 2013	4.053E-6	.000	.526	.926	.356	.015	65.321
	TOTAL REVENUE 2013	1.421E-7	.000	.048	.223	.824	.109	9.173
	NET PROFIT 2013	1.188E-5	.000	.166	.751	.453	.102	9.836

a. Dependent Variable: CSR

## **APPENDIX F**

### **STATEMENT OF INFORMED CONSENT**

You are being invited to take part in a research project. Please take some time to read the information presented here and you are free to ask the researcher any questions about any part of this project that you do not fully understand. You will be required to respond to open ended questions to the best of your ability, however, you are free to talk over what you want to discuss within the subjects. Evidently, your participation is distinctly voluntary and you have the right to withdraw from the research at any time and this will not affect you negatively in any way whatsoever.

With respect to confidentiality and data protection issues, information obtained from this interviews and discussions was included in this study without any reference to the participants' names, positions or firms. The data collected and usage, afterwards, will be accessed and transcribed by the researcher only. Furthermore, only short direct quotes will be used without any reference to the participant's name, position or firm in order to exemplify data analysis process.

The main purpose of this research is to gain a better and deeper understanding of high-level managers' perceptions of how CSR activities towards stakeholders affected their firm performance and do their operational and CSR commitments coexist within the financial situation of their firms.

Thank you for your time and co-operation,

Pisut Mongkolkachit

Doctoral candidate

National Institute of Development Administration (NIDA)

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## **APPENDIX G**

### **INTERVIEW/DISCUSSION GUIDE**

The main purpose of this research is to gain a better and deeper understanding of high-level managers' perceptions of how CSR activities towards stakeholders affected their firm performance and do their operational and CSR commitments coexist within the financial situation of their firms.

The discussion is structured in 4 sections: CSR Implementation, CSR and Stakeholders, CSR Benefit, and CSR and Firm Performance.

I give an assurance that all responses will be treated confidentially and anonymity without any reference to your name, position or firm. Confidentiality and data protection issues are detailed in the Statement of Informed Consent (attached).

Thank you for your time and co-operation.

#### **A Transcription of an Interview**

##### **CSR Implementation**

- Which is the area of social responsibility for your firm?
- What are the main driving forces behind firm's CSR efforts?

##### **CSR and Stakeholders**

- Who are your important stakeholders?
- How does your firm engage stakeholder?

##### **CSR Benefit**

- Why does your firm decide to get involved in CSR?
- What benefits do you perceive from CSR activities to your firm?

##### **CSR and Firm performance**

- How does CSR impact on your firm and financial performance?
- Does CSR enhance or burden to your firm and financial performance?

## **BIOGRAPHY**

<b>NAME</b>	Mr. Pisut Mongkolkachit
<b>ACADEMIC BACKGROUND</b>	<p>Bachelor's Degree with a Major in Industrial Economics from Ramkhamhaeng University, Bangkok, Thailand in 2007</p> <p>Master's Degree in Public and Private Management at National Institute of Development Administration (NIDA), Bangkok, Thailand in 2010</p>
<b>PRESENT POSITION</b>	Managing Director at Mongkolsutthi Company Limited, Bangkok, Thailand