Fair leadership and sustainable economies
– The comparison of CSR between China and Thailand

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ABSTRACT
The main aim of this thesis is to analyze the awareness and application of CSR within Chinese and Thai companies. The thesis collects the academic and empirical achievements which have been done by the Chinese and Thai scholars as the theoretical framework. Further, the authors devised a piece of survey based on Carroll’s Three Dimensional Corporate Performance Model and Corporate Social Responsibility Pyramid Model and sent it to Chinese and Thai companies. Analysis and comparisons are carried out based on the result of survey with the help of theoretical framework. Moreover, the authors try to give some explanations towards the situations in the result of survey, hoping to help enhance the level of CSR in China and Thailand with some thoughtful suggestions.

Key words: Corporate Social Responsibility, awareness of CSR, CSR practice, China, Thailand.
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LIST OF ABBREVIATIONS

ABAC poll - Assumption Business Administration’s College, Thailand
APEC - Asia-Pacific Economic Cooperation
CSP - Corporate Social Performance
CSR - Corporate Social Responsibility
FDI – Foreign Direct Investment
GDP - Gross Domestic Product
IBM - International Business Machines
ISO - International Organization for Standardization
NACC - National Anti-Corruption Commission
NGOs - Non-Governmental Organizations
OTOP - One-Tambon-One-Product
PDA - The Population and Community Development Association
PERC - Policy and Economic Research Council
PR – Public Relations
R&D - Research and Development
SA - Social Accountability
SOE - State Owned Enterprise
TAO - Tambon Administration Organization
TBIRD - The Thai Business Initiative in Rural Development
TISI – The Ministry of Industry Industrial Standards Institute
UN – United Nations
UNFCC - United Nations Framework Convention on Climate Change
1. Introduction

1.1 The purpose of the project

1.1.1 A brief review of the history of CSR development in Western world

The discussion about CSR (Corporate Social Responsibility) has got a long history in Western countries. It could be dated back to the mid and latter 18th century when Adam Smith firstly put forward the concept of “Invisible hand” (Crook, 2008). At that time, the classical economists believed the society could well specify its need though the market. If the corporations could utilize the resources efficiently and provide the products and services exactly needed by society while customers were able to consume them with affordable prices, then we could say the corporations have fulfilled their CSR. When it came to the late 18th century, there were subtle changes in CSR, which was seen as the donations from the corporations to the churches, school and the poor (Crook, 2008).

In the 19th century, two industry revolutions brought about great leap in terms of industrial productivity. The corporations had developed a lot in quantities and scale. But during that period, people’s attitude towards the opinions of CSR in corporations was mainly negative. Many corporations did not voluntarily shoulder the CSR. On the contrary, they racked their brains to reflect upon how to exploit the providers and employees who indeed have close relationship with themselves in order to be the strong one in the market. Entering the latter 19th century, with the corporate system
being better optimized, the working class’s more awareness of their rights and benefits and also the release of “Antitrust Law” and “Consumer Protection Act” by America, there was objectively higher requirements in CSR being brought up towards the corporations at that time. The awareness and opinion of CSR among society sprang up following big trend (Xiaopeng, 2010).

Up to the modern society, CSR has experienced fast development both in academic and practical terms. Although the consensus of the range of CSR among scholars and governments has never been reached, there is no doubt that its conception goes wider and deeper and the companies are required to do more with it. In 2002, the United Nation issued officially the “UN Global Compact”, ruling 9 points regarding the corporate responsibility within four dimensions: human rights, labor standard, the environment, and anti-corruption (United Nation Global Compact Office, 2008).

1.1.2 Some attributes of the economic development in contemporary China & Thailand

We know the recent thirty years has witnessed great economic development in large number of Asian countries like China and Thailand. In China, Thanks to the reform and opening up policy promulgated by its late leader Deng Xiaoping, China set out on its journey to start business with the outside world and has established its economic status as the world manufacturer. Thailand has a reputation of the “South East Asian barn” for a long time and is one of the main food exporters around the world. With the economic orientation shift from the import substitution to the export orientation in the 1970’s, Thai’s manufacturing sector boosted rapidly and now has great advantage in export section like integrated circuit (The Finance Department of Anhui Province, 2009). Overall, All the economic progresses achieved by China and Thailand have been happily seen by the world.

We are in the 21st century in which development and competition go very fast.
Driven by globalization, Asia is one of the business hubs that many global companies such as IBM, Coca-Cola, and Nike relocate their operations in order to gain better competitive advantage. Meanwhile, local companies keep trying to compete with global companies. In additionally, according to the study of Cheung, Tan, Ahn, and Zhand (2010) “Asian investors may be trending to mirror U.S. investors. They conclude that the value of CSR activities to global enterprises may continue to grow in importance.” And with the aim of maximizing profits, these firms sometimes focus merely on the revenue and profit while leaving negative social impacts to the local communities. Their success is measured by returns on investment, returns on assets, price of stock, and earning per share. To attain such success, these companies have to find resources which incur very low cost.

In Asia, China and Thailand are countries where some global companies enjoy low-cost of resources such as human resources, raw materials, taxes. While the business firms maximize profits, the local government agencies have to use the national revenue to take care of the negative impacts on the business environment especially natural surroundings and people’s well beings. This phenomenon has led to controversy in terms of how to protect the natural environment and how to grow the economy at the same time. In other words, these two aspects should go together in order to acquire long-term sustainable growth. The separation of business and society creates a number of societal problems especially natural resources. Many communities start making outcry to the government agencies to ensure that their communities enjoy economic growth and good life quality at the same time. For instance, at Map Ta Phut industrial estate in Thailand people made protest and filed lawsuits against some factories that emitted dangerous gas into the air which caused illness to the residents in that area. This brought out some non-governmental organizations (NGOs) to call on the government to declare “Map Ta Phut a pollution control area” and “resulting in the public’s demand for a systematic approach and involvement in problem-solving.” (Industrial Estate Authority of Thailand, 2007). And those factories were ordered to stop operation until further notice by the court.
1.1.3 Problematic issues concerning CSR in contemporary China and Thailand

Compared with Western countries, CSR has a shorter history in most Asian countries. Although these years some Asian countries like China, Thailand, have brought about heated discussion on it and also resulted in some theoretical framework, the empirical study is still lacked, which is really needed, especially for China and Thailand at this very moment.

As the representative entity of the growing momentum, corporations have contributed most to the economy achievement. Meanwhile, it is undeniable that they have brought lots of business-induced social problems as well, like environmental issue, the well-being of employees and market obligations and so on. How the corporations in these fast developing Asian countries like China and Thailand cope with these problems is one of the biggest concerns and interests of this paper.

As far as we know, some corporations in Asian countries have failed in protecting the rights and well-beings of their employees. Discriminations still exist in the job application, with the preference for men, against disabled alike. Under the impact of the latest global financial crisis, some employees have easily lost their jobs without any given reasons; others may also more or less suffer from their benefits in their workplaces.

The environmental issues, although, have been on most Asian companies’ agenda, the real conditions about how they conduct their environmental initiatives in practical are still not optimistic due to the mildness of the punishments by the industry and government. Apart from it, some companies have failed to provide safe and quality products for the customers. In 2008, A Chinese milk company, San Lu, as an instance, supplied toxic milk which killed tens of babies who drank it, which once astonished the whole nation and directed 1.3 billion people’s attention to the corporate ethics and
CSR has taken place in Thailand long time ago. And the main objective of its related activities is, unfortunately to create positive image for the company or brand. When CSR has become a buzz word, many firms have to pay serious attention to this aspect. Certainly budget has to be systematically provided for CSR activities and CSR practitioners have to be more professional. In other words, CSR has become another discipline that a marketer has to learn. It is not just a communication tool but a sustainability tool for a firm.

Unfortunately, due to fierce competition, some firms deploy communication tools to create impact to the point of neglecting qualities and concerns for society and these practices cause backfires to the firms. Recently, one local firm in Pathumthani, Thailand has advertised a pharmaceutical product, called “Namya Dhevada”, through cable TV by claiming the magical effect of the product. Many consumers ordered such products and used to cure their cataracts. Sadly, such product could not cure but made their eyes blind. The local authorities came in and filed legal charge against the business owner (Thailand Pharmaceuticals News, 2009).

The paper wants to tell that CSR is not just a cosmetic treatment but a core component in business operation to sustain long-term growth. Business leaders need to adopt new mind-set; Also CSR should not be looked as a cost driver but an investment for long-term success. If all firms in a country take CSR seriously and professionally, the national economy will be sustainable. Natural resources on our planet are not limitless and we cannot move to other planet (at least within the hundreds of years). Our next generation must live on this planet. If business leaders lack this vision, we may return to barbarian age.
1.1.4 The original intention of this paper

Of course, these are some problematic aspects concerning the manner in which the Asian companies carry out their CSR. The facts may not be that pessimistic. But we do believe there is much room to improve. The original intention of this paper is just for it. The paper will exclusively focus on China and Thailand, two countries that the authors come from. The authors hope, by conducting this research project could they know better about how well the corporations in China and Thailand understand CSR and how they work on it in practical, since the situations of CSR in both countries are still mysterious and not well-known by the public. After having a sound understanding of the facts, the authors would like to make some analysis and comparison of CSR between these two countries to see their strength and weakness respectively. By doing that, some suggestions and propositions would be put forward in terms of how to improve the CSR in both countries. Finally the paper is aiming to enhance their CSR up to a new stage and improve the competitiveness of corporations.

1.2 Justification of the Project

1.2.1 Benefits and importance of this paper

Benefits from this study: What will be the benefits? And who (organization) will benefit? Business organizations can understand and learn from various scenarios in China and Thailand how CSR activities contribute values to sustainable economic development. Thereby, best practice can be identified and applied for further use. For government leaders, they can foresee the negative impacts and initiate new regulations or laws to enforce the standards. These mandated standards will eventually push all business owners to invest and to learn CSR practices.

This study will identify causes of negative impacts and will show how the country loses opportunity if CSR is ignored. On the contrary, this study will show how the country gains more opportunity when deploying CSR as well.
1.2.2 Why and how this research project is important?

In Asia continent, leadership in various organizations or agencies to drive CSR is still at emerging stage. According to Chappel and Moon (2005) have found that “CSR in Asia is unrelated to the pre-existing levels of economic development, but is related to the extent to which domestic companies engage in international trade, even where that trade is with other Asian nations”. CSR will become a major component for leadership development programs in Asia and will eventually lead to high quality of life at various levels in the country.

1.2.3 Concerns about the reasonableness of this paper

Before and while the authors carried out this paper, different voices as well as some questions about the reasonableness of this paper were heard. Among them, there were mainly two doubts:

Concern1. Although the global business environment is changing constantly and the society is developing all the time, generally speaking, the academic research on CSR has been quite saturated and comparatively mature. In this background, hence, it is not that meaningful to take much effort and capital into the topic.

Concern2. Given that the paper intends to improve the CSR in some Asian developing countries (like China, Thailand) by comparison. Why not compare it with one of the developed countries in Western world whose companies fulfill the CSR well accordingly? Probably, it would work better than the comparison between two similar developing Asian countries.

💡 Justification of the Concern1.

The authors do admit that the academic research on CSR in Western countries has achieved a lot and conceptualized it comprehensively. Besides, there is no lack for
related empirical studies in some Western countries. You could say that there are adequate experience and theories which could be quite beneficial to different types of corporations world-wide.

Some Asian counties like China, Thailand have done quite a few academic researches on the theme these years. However, these researches are somehow barren, which did not turn practically fruitful and the companies in these counties have not been benefited or (We could also say) enlightened in some way. That’s why the authors of this paper feel obligatory to put energy into it, especially in the area of empirical study, which is believed lacked in the counties like China and Thailand. The authors think that by concentrating more on what the companies have practically encountered, the CSR study would be more illuminating for the companies in China and Thailand.

Apart from it, the illuminating study in CSR by Western countries would be referred to better further its study in the developing countries like the ones in Asia. It means that the developing countries could take advantage of its existing theoretical framework. In this paper, the authors designed the survey with the help of utilizing the academic “ingredients” from the Western countries, which facilitated the paper. So overall, it is definite that the CSR study in specific regions and countries are still of great value.

☆ Justification of the Concern2.
There is a long history of CSR research which could be dated back into the mid 18 century in Western industrialized countries. Up till now, their corporations have done good jobs in CSR out of many reasons. We just take brief look at some: the self-disciplined responsibility of corporations; a set of healthy industrial system, state law/regulation and policy guidance; the pressure from the labor union and other labor organizations; the good awareness of self-right protection of consumers as well as their high requirement for the quality of the goods and services.
These are definitely some good reasons to take the corporations in developed countries as the role model to be compared with those in developing ones like China or Thailand. But why the paper preferred to make comparison between China and Thailand is generally due to these two reasons below:

1. China is an exported oriented economy and Thailand’s economy is to large extent driven by export market. In this sense, the economies of these two countries are more or less similar. We know the companies of proximate type have higher comparability.

2. Another reason why the authors of this paper selected two East Asian developing countries is because they have the proximate social conventions, cultures and religions. For example, approximately 90% Thais believe in Buddhism which originated from China. Therefore, in this social context, the comparison of CSR between these two countries would be clearer and more distinct. And after reflecting upon these Cons and Pros, the authors eventually decided to choose to make comparison between China and Thailand (Fjdh, 2009).

1.3 Research Questions

The research questions of this paper are mainly two: 1. how well do the corporations in China and Thailand understand CSR? 2. In which aspects and manners they could improve their CSR in order to strengthen their competitiveness?

As for the first questions, the paper mentioned the type of the economy in China and Thailand above: export oriented, which to some extent determines the characteristics of the corporations in both countries. As the paper said above, the corporations in both countries are quite cost sensitive. Hence, in order to achieve it, a corporation might deprive its employees of their financial benefits or formulate unfavorable staff regulation. Beside, a corporation could also save money with the price of sacrificing the ecological surroundings. Furthermore, to be efficient, one might be merely profit-targeted without conforming to the market or industrial regulation. Therefore,
how the corporations in these two countries understand their CSR in local is still in question.

As for the second one, if there does exist some misunderstandings or lack of consciousness in CSR for those corporations and out of which there exist some problematic issues, then the paper hopes to specify these problems in detail and shed light on them. The authors try to customize a related survey based on China and Thailand, through which they try to detect different problems which the corporations may come across when carrying out CSR as well as the strength they have already built. Later, the paper would give a short analysis that for what reasons the problems were shaped. At last, as mentioned above, a comparison between the two nations would be made to see their advantages and disadvantages respectively and what they could learn from each other in the hope of building up their own competitiveness.
2. Methodology

According to the definition of methodology provided by Strauss and Corbin (1998, pp. 3), methodology is “a way of thinking about and studying social reality”. Another definition provided by Mingers (2004) is “methodology is a set of methods that are often used in a particular research project”. In short, methodology can be defined as a mode of thinking and a mode of acting. It encompasses many concepts which describe the steps and relations necessary to create and search for new knowledge. Basically, it helps us to illustrate what we mean. Base on our in-depth study on the following two books, “Basics of Qualitative Research: Grounded Theory Procedures and Techniques” by Strauss and Corbin in 1990 and “Methodology for Creating Business Knowledge” by Arnbor and Bjerke in 2009, we present our research methodology.

2.1 Selecting a research strategy

To begin any research study, ontological thinking and skills are required to structure the research. Initially, researchers should have some knowledge, interest, and awareness of the future study.

The first step is to identify a topic of our interest and formulate research problems and research questions. Research questions will enable researchers to validate the problems. The source of research problems should come from your own interest, your
experience, the meaning of your research for others, but above all it should come from your true belief in conducting research.

2.1.1 Qualitative & Quantitative research method

According to Strauss and Corbin (1990, pp. 3), “research methods can be categorized as Qualitative methods and Quantitative methods.” In our work, our theoretical framework will focus on the qualitative methods to gain understanding and explanation about the perception of the reality of Corporate Social Responsibility (CSR) and how leadership plays its role under common reasons to interpret CSR practices.

On the other hand, quantitative methods are used in our study as well. According to Strauss and Corbin (1990, pp. 9), “Quantitative method is used to produce findings from statistical procedures, by quantifying the subject under study.” Thus, in order to do that, we send our questionnaires to both Chinese and Thai’s companies. Moreover, we want to get response from the companies as much as possible in order to identify and increase in validity and reliability of the thesis.

2.1.2 Data sources

We also know that an analytical point of view necessitates a lot of information about reality. This is a reason why we used qualitative method for searching the facts in empirical world. On the other hand, we have sent questionnaires as a quantitative method to leaders in the companies in China and Thailand for better understanding of the current situation of CSR practices.

- Primary data

Primary data are collected by the questionnaires because we want to be precise on what we are studying. Questionnaires are used in order to get the current scenario from managers of companies in our studied countries. As mentioned by Thietart (2001, pp. 74) “Primary data is considered to be a better source of internal validity, because
the researcher collects this data specifically to suit the research and the field to be studied.” Therefore, we used our survey in the form of questionnaire to gain more precise answers.

- Secondary data

On the other hand, the secondary data have to be used when we want to know common perception on CSR’s practices from our countries. According to our research questions which were mentioned in the introduction part, we want to know how well our leaders in companies understand CSR. Then we have searched from the previous literatures, articles, and other secondary data. Thietart (2001, pp. 74) also supports the use of secondary data “because it is formalized and published, secondary data often comes to be attributed with an exaggerated status of truth.” We want to ensure the readers in our theoretical framework are based on reliable and well-known sources.

Hence for our research, we decided to use both qualitative and quantitative methods as the ways of analytical approach to develop our study.

2.2 Three basic methodology views

In this part, we would like to present short basic understanding of three different methodology views, which are the analytical view, the systems view, and the actors view, in accordance with the book of “Methodology for Creating Business Knowledge” by Arbnor and Bjerke in 2009.

2.2.1 The Analytical view

According to Arbnor and Bjerke (2009, pp. 81), analytical view means “a methodology for creating knowledge devoted to explain causality in reality, where this reality is presumed to be factive and built up summatively”. Analytical approach is based on the assumption of truth and the reality focusing on the causal relations,
which means that an event leads to another event either by necessity or with a certain probability. Analytical approach has the sole ambition to explain reality that focuses on both objective and subjective facts leading to summative facts.

As we mentioned in above page, we decided to use analytical view to fit with our study. Later on we will explain in detail why we use the analytical approach to carry out our thesis.

2.2.2 The Systems view

According to Arnbor and Bjerke (2009, pp. 101), system theory is “the interdisciplinary study of organizations with systems language and thinking.” Basically, system theory was initialized on mainly two ideas. First, all the outcomes or phenomena are regarded relationally from its objects. Second, complete systems which have been used in this theory must maintain the same structures and patterns.

The system view might be known as structural or holistic view because structuralism refers to “various theories across the humanities and social science, which share the assumption that structural (patterned) relationships can be usefully exposed and explored. And holism is the idea that all the properties of a given system cannot be determined, explained or understood by the sum of its component parts alone.” (Arnbor and Bjerke, 2009, pp. 103).

2.2.3 The Actors view

The word “Uncertainty” is used to describe this view. The actors view is used to monitor the uncertainty situation in micro-cosmos. According to Arnbor and Bjerke (2009, pp.131), these uncertainties mean “that physical phenomena in micro-cosmos are not only particles but also waves.” The researcher uses the actors view to determine the phenomena precisely by eliminating the waves and locating the
particles. Usually the researcher used statistical (quantitative) measurement to explain about these uncertain things and create the new demarcation.

2.3 The approach we used in our thesis.

We prefer to use the analytical approach as it enables us to gain retrospective view of the analysis. This approach involves study and research of reality within the scope in order to prove the hypotheses. Here are some attributes of analytical approach that we have analyzed.

Some prominent characteristics of the analytical view:

- Seeking causal relationship between the reality (summative objective components) and its effect.
- Deterministic relations are seen and used everywhere.
- Large amounts of objective facts and information about the reality are needed.
- Many representative cases to facts are important and independent of each other.
- Logical models explain the reality we study.
- Knowledge created based on the analytical view is characterized as being independent of the observer.
- The result (theory of reality) of it is induced by many verified hypotheses. The more verified hypotheses, the better a theory is (Arbnor and Bjerke, 2009).

2.3.1 Why we use the analytical approach?

Now we will explain why we apply analytical approach in our research.

- **Seeking causal relationship between the reality (summative objective components) and its effect.** For this attribute, we have focused on the causal relationship, which indicates the effect of one event on the other either by necessity or by probability. Therefore, the core of the analytical approach is how to discover and confirm the
cause-effect relation in the study. We would like to discover how the fair leadership in
the organizations / industries / countries / regions (government, culture,
circumstances.) leads to the CSR practice in China and Thailand. To illustrate this,
we would like to explore any significant relationship between CSR practice in
the companies both in Thailand and China and their leadership; and between
strategies and tactics both inside and outside the company.

- Large amount of objective facts and information about the reality are needed. In
our theoretical framework, current situations and perceptions are found. As we
mentioned above, we want to search some causal relationship between leadership and
CSR practices in our countries. Thus, many empirical theories and facts are observed.
In addition, we believe that the more information we can possibly find, the better
understanding and perception on CSR we will get. In fact, on the cause ends, we need
to search for related information of the leadership style, management style, the
government policy, and so on. Equally, on the effect end, we need to search for a great
deal of objective data from the well-performed organizations in view of perception of
CSR’s level (respectively by the questions in our questionnaire). We believe this
considerable quantity of facts will lay our further research a solid foundation, which is
a common means to carry out an analytical approach.

- Knowledge creation based on the analytical view is characterized as being
independent of the observer. As the core of analytical approach required, “knowledge
(theory is a kind of knowledge) created is characterized as being independent of the
observer” (Arbnor and Bjerke, 2009). Actually, it is difficult for us to be subjective in
our work because the materials we research and analyze completely originate from
reality. This attribute is mostly echoed by our original intention to write this thesis:
out of our great interests, they are independent of our subjective feelings. Therefore,
what we need to do is to utilize these materials to analyze the possible causal relations
we are interested in, prove our hypotheses and further verify them. At last, good
results might be attained during the whole process. Our own subjective opinion is restricted to genuine interest in the topic.

- The result (theory of reality) of it is induced by many verified hypotheses. The more verified hypotheses, the better the theory is. In our study, we hope to verify our hypotheses step by step through thorough study of these models and eventually reach some fruitful outcomes. Identically, the main causal hypothesis is how fair leadership determines CSR’s practical situation in China and Thailand. In fact fair leadership, as subjective reality, determines in many ways according to our theoretical framework such as the organizations / industries / countries / regions (government, Buddhist, circumstances). Meanwhile many sub-hypotheses are verified to get the accuracy phenomena in CSR’s practices.

2.3.2 Model & Hypothesis

A researcher needs to set up a hypothesis under the analytical approach. With reference to what Arbnor and Bjerke (2009, pp.83) said, “Hypothesis is a suggestion of an explanation of certain facts and a guide in surveying others.” Hypothesis can be formulated not only from the beginning of the study, but also after knowledge finding. Once again, Arbnor and Bjerke (2009, pp.83) said that “hypothesis can originate from various sources” such as by a simply guess, by an outcome of the study, by expectation, by theory, by knowledge, and so on.

Subsequently, the highest purpose of the analytical view is “to find explanation, we will reserve the concept of hypotheses to apply to what might be called ‘statements (confirmed or not) about causal relations’, or the assumption that one factor (or group of factors) determines the emergence of another.” (Arbnor and Bjerke, 2009, pp.83). As mentioned above, analytical approach has to be matched respectively with the causal relation. The idea of causal relation or causality means to search the way to
explain the outcomes or the effects which might come from your fascinated causes. And the main focus on this approach is “Ceteris paribus, that is all other things remaining unchanged.” (Arbnor and Bjerke, 2009, pp.56).

Figure 2.3.2.1 the Normal Hypothesis

Source: Arbnor and Bjerke, 2009: 86.

In our study, it is obvious that in the exploration stage, a huge amount of objective facts and information about the reality is needed to identify a cause-effect relation. At the end of cause-effect stream, we need to search for related information of the leadership situation whether it comes from the government, from managers of all levels, and even from the religion and so on. Equally, on the effect end, we need to search for a great deal of subjective data related to the performances of CSR end in the organizations / industries / countries / regions in different levels of economy. We believe this considerable quantity of facts will lay our further research a solid foundation, which is a common means to carry out an analytical approach.

Thus, as mentioned, our main hypothesis is focused on how the fair leadership influences on the CSR’s practical situation in China and Thailand. Since, we have a number of objectives, in this part we would like to show you some of sub-hypothesis in details.
For sub-hypothesis no.1, Politics, we want to explain to what extent the leaders from the government in both China and Thailand emphasize on the CSR’s practices. We also provide the history of CSR in both countries, give some good developed historical background of CSR and also highlight the example of bad situations such as corruption that are reflected in low level of CSR in each country.

For sub-hypothesis no.2, religions and cultures, we have provided the case studies from our countries reflected throughout leadership in the theoretical framework, how they try to lead their people to place more concern on CSR in many directions. Moreover, we would like to show you some components how people give priority to CSR and how it is connected or related to leadership.
For sub-hypothesis no.3, circumstances, we have provided you how circumstances build the awareness of people in our countries and pay attention to CSR practice. We used the Sanlu Scandal case in China and Tsunami case in Thailand.

### 2.3.3 The creation of knowledge

According to analytical approach, knowledge creation is characterized by independence of the researcher. Actually, it is difficult for us to have any subjectivity into our work because the “materials” for our research and analysis completely originate from the reality. They are independent of any subjective feelings. What we need to do is to utilize these materials to analyze the possible causal relations we are interested in, prove our hypotheses and further verify them. Eventually, good results or theories are attained as mentioned by Arbnor and Bjerke (2009, pp.90) that “these explanations (results, theories) are good, but they can always be improved!”

In addition, we can say that the aspects of analytical view are cyclical. Facts start and end in the cycle of analytical view. The knowledge is created by the theories however if the data are not consistent with the theory, we have to look for another theory. Subsequently, three states of cyclical analytical view are provided as follows:

![Figure 2.3.3 Cyclical Nature of Creating Knowledge in the Analytical View](source: Arbnor and Bjerke, 2009: 91.)
• Induction. At this stage, the researchers observe the situation in the empirical world by observing behaviors of people, their perception and case studies. After we get the information, the researchers make observation into the theory.

• Deduction. At this stage, the researchers use collected theoretical framework from the theoretical world to expect another occasions from the normal theories and to forecast tomorrow’s trends.

• Verification. After the researchers have made a forecast, they bring up the result and verify the hypothesis again.

In our study, for knowledge creation at the beginning of our study, we selected our own interest for a research theme as we chose “Fair leadership and Sustainable economy”. The first step of creating knowledge or induction happens when we start working with the facts and realities in the empirical world. We searched for the literatures in related field. Many books and articles about perception on CSR have been read. Undoubtedly, the most important source for us is the web pages from local websites because these websites are provided by local people and provided in local language so we can better understand perceptions, behaviors, and realities of their CSR practices.

Next, we started to study the theoretical framework. We were searching theories of CSR from the books and then tried to create our knowledge from the theories deducted from the current situation of the CSR practices in both China and Thailand. This step is known as deduction. Furthermore, after deducting with the theories, we try to make the forecast of our results from the study with the support of hypothesis.

The last step of knowledge creation, verification, is the process of verifying our mentioned hypothesis. Whether our hypothesis is true or not, and then, make the
analysis of the results at the end of our study. For the conclusion of our thesis, more or less, we want to contribute our knowledge to our Chinese and Thai leaders in the organizations / industries / countries / regions to enhance their CSR capacity in terms of practice level.
3. Theoretical Framework

3.1 The history of the development of CSR in China

The concept of corporate social responsibility (CSR) has developed through the path of “gradual evolution”. It is difficult to understand it without putting it into the historical context (Baoshu, 2003, pp. 17). Therefore, it’s necessary to study it as a type of “historical variant”, which could help wipe out some misunderstanding and misconception both in the academic and practical field.

3.1.1 Two main thinking concerning academic research on CSR

The evolution of CSR is practically the same thing as the transitions of it during different historical periods. Most literatures on CSR nowadays mainly unfold by two thoughts: compulsive change, which means the systems the governments built up push the corporations to change on social responsibility; another one, induced change, which means corporations improve and optimize their social responsibility due to the contracts they signed with society and stakeholders (Xiaopeng, 2007, pp. 133).

3.1.2 Introduction of “the external regulation of CSR”

China had a long history of government planned economy. Although with the implementation of the reforming and opening-up policy, it has become more market oriented, it is yet undeniable that the Chinese government is still more or less dominant in the market, as Google is a good example, which has been wiped out of
the game there due to declining to the censoring by the Chinese government. The development of CSR has been, by all means, following a “compulsive-change path” as mentioned above, which indicates that the performance of Chinese CSR largely depends on how the government guides it.

Richard A. Posner (1997, pp. 117) thinks “in the history of self-evolution of corporations, you can not count on the corporations to provide all the solutions by themselves to reconcile the social problems and clashes incurred which face the public.” The Chinese government is a firm holder of this belief whereby the external regulation is supposed to be adopted to mold the Chinese CSR. Huang Xiaopeng (2007, pp. 133) believes “an organization or constitution is needed to enforce the external system in order to ensure that the internal rules of CSR are abided by during its evolution. The external regulation should be devised and confirmed by a powerful and authorized social agent. Besides, it should be implemented and imposed upside down and the government has sound legitimacy to do it.” Apart from it, the Chinese government also thinks “because of the ‘violent potential’ it has, it can arbitrarily achieve the scale-economy when providing the external system, which, it believes, costs far less money rather than let the corporations do it themselves by competitions”.

3.1.3 The developing process of the social responsibility for Chinese firms

By large, China started and developed CSR much later than Western countries. If going through the history of the development of CSR in China since its very beginning, you may discover that it could be summarized into three phases.

First, it is called the phase of “corporation functioning as government”. (1949-1978) Under the government-planned economy, the Chinese government saw each corporation as a small governmental unit, which assumed it to take all the responsibility for its employees which should have been shouldered by the
government itself. For instance, corporations were, at that time, in charge of running schools, hospitals, and communities, which is so called the “corporation functioning as government” period. Actually, in this period, there was no “corporation” in strict sense. To some extent, the responsibility taken by the corporation that time was somewhat a variation of the CSR. (Zhao Lianrong, 2005, pp. 7-8).

Second, the phase of “the strengthening of economic responsibility” (1978-1995)
After executing the reform and opening up policy, the corporation started to adopt the modern company system, in which a prerequisite is to separate the business from politics. Besides, the corporation had access to capitals in different way, which encouraged the booming of non state owned sector of economy. Since the influence of “Culture Revolution” still existed in China at that time although the revolution was finished, it destroyed the traditional business ethics. The corporation ethics was in the vacuum status and the “capitalist hedonism and money-worship” had great impact on it, which distorted the human nature, spread the corruption and slipped down the overall ethics level. The operators of corporations tasted both the sweet and bitter sides of the competition of the market economy which solely aims at the maximization of profit. Meanwhile, they neglected their responsibility for the society, environment, community and government. What is worse, most of them tried to avoid these responsibilities and were indifferent to them. At that time, we could say that they put the profit into their wallets and left the burden to the government and society. (Kang Caixia et al, 2006, pp. 63)

Third, the phase of “integration of CSR” (1995 up till now)
Since 1995, the order of business market has been regulated a lot, during which a large number of large-scaled corporations have been cultivated. And these corporations have been well equipped to carry out social responsibility. Apart from it, the Chinese economy has gradually melted into the global economic and financial background. The government has little by little begun to realize the importance the CSR out of the intention of achieving sustainable development, building harmonious
society, and responding to the outer pressure as well. Therefore, it has tried to make corporations pay attention to the appeals of employees, consumers, community, environmentalists and other stakeholders. Since then, China has been geared to the international CSR standards. Yet, there is still wide gap between Chinese and multinational companies in practice. In this phase, the government needs to better integrate the CSR, struggle for consensus on it and stand in line with the international conventions (Huang Xiaopeng, 2007, pp. 135).

### 3.2 Some significant CSR parameters in China

#### 3.2.1 Politics (Corruption)

Above in the paper, we have introduced that China is a government-guided market economy. The Chinese government determines how CSP (corporate social performance) would be to large extent---the government is not only market participators but also market regulation maker (as some football players and the referee are the same person on the playfield).

Du Lanying, Yang Chunfang (2007, pp. 95) carry out their study by analyzing the game among government, corporations, and society. They point out that “corporations and the local government must maximize their own benefits and sacrifice the interests of society on the condition that Chinese central government does not impose any supervision and administration on them.”

The opinion is in line with Zhang Weiguo (2005, pp. 15-17), who thinks “the GDP target for the local government ultimately integrates itself with the local corporations into a benefit unit, which means the corporations and local government are closely linked in benefits.” Wang Xiaolin (2004) also believes “the local governments focus a lot on the economic growth and always worry about that capital would flee. Therefore, they even collude with corporation owners or make compromise to them to some
extent. However, the social benefits and public welfare were sacrificed at the cost.”

Du Lanying (2005, pp. 260-261) suggests that “if the central government takes more steps to strengthen the supervision on the local government rather than the corporations, the corporations would perform better in social responsibility.” The facts also show that the severe punishments on the corporations can not solve the CSR problems. Take mining disasters as example. The more disasters the mine company has, the more financial punishments the owner will pay for. However, in order to cover the loss, the owner will develop more mines, which likely leads to more accidents. Then, it falls into a vicious circle. On the other hand, we know that the central government holds the right and legitimacy of selecting local officers and evaluating their performance. It could fully take advantage of it in order to rein the local government and further maintain and promote the CSR. (Du Lanying, et al, 2007, pp. 96)

3.2.2 Regions (two case studies in China: Zhejiang and Shandong Province)

Zhejiang Province
Zhejiang is located in the east part of China, next to Shanghai. One of the prominent attribute of Zhejiang Province is its externally oriented nature of economy and the private sector of its economy is well developed. The amount of its private sector has accounted for over 70% of the GDP in the whole province (Shen Guoliang, 2006, pp. 32).

Li Wenchuan and Luo Xuanzheng (2007) made a practical research based on SA8000 (Social Accountability 8000: the first global CSR standard) in Zhejiang Province. They discovered four major challenges which face Zhejiang corporations concerning CSR.
First, working exceedingly overtime (45.8%) is very common in the labor-intensive industry in Zhejiang. We know that exceedingly overtime working violates the related labor regulations. And it injures the well-being and mental health of the labors as well. As we also know, eight-hour working system is the fruit that the labor around world got through long-time fight and has been accepted as the core convention of international labor law (Li Wenchuan, Luo Xuanzheng, 2007, pp. 24).

Second, the pay for labor can not meet the requirement of official standard. The pay is the major reason for the disputes between employees and employers. These years, 70% labor disputes have to do with the pay issues. The most noticeable problem is arrears of wage (15.6%). There is huge a number of vicious incidents which happens due to arrears of wage in Zhejiang Province every year (Yao Xianguo, 2005, pp. 84).

Third, social security is far from sound. The environment of workplaces in numerous private corporations is poor. There is lack of necessary protective measures to secure the safety of production in workplace only for the sake of cost cut. Apart from it, the employees are not well trained in the aspect of security and hygiene during production. Hence, the health and safety of employees are not well maintained. Some employees contract different occupational diseases or get poisoned, or even have accidents at work. Some of them have to terminate their work before 40, going back to their hometowns with diseases or disabled bodies without the cover of any insurance (the ratio of the coverage of insurance is 51.7% in 2007). (Li Wenchuan, Luo Xuanzheng, 2007, pp. 24).

Last, is assault of human right and dignity. Employees are to certain extent forced to work since their identity cards, residence permits are detained by the companies (22.9%)(they had to hand in these certificates in the first place if they want to be employed), or they pay the deposit to the companies (28.1%). The assaults else includes close supervision at work (23.7%), being controlled in the daily life (9.9%), and physical punishments (4.9%). The most surprising fact is the employment of
children, which occupied for 11.3% despite the obvious violation of several sorts of laws. By comparison, if one of above incidents occurred in a multinational company, not only does its purchase order have to be cancelled but also it might be shut down (Li Wenchuan, Luo Xuanzheng, 2007, pp. 24-25).

Shandong Province

Shandong is located in the north part of China, alongside Pohai Sea, next to Korean Peninsula and Japan. It contributes the second most to the country economically with more than one ninth of the total national GDP. And it is a big province in terms of agriculture and industry (Wangyi, 2008).

Chen Liubin (2007, pp. 150) made a practical research of Shandong Province, and gave some related explanation according to the feedback of the self-made survey. In his paper, he sorted out some outstanding characteristics of the CSR in Shandong Province.

He thinks, “the first, the energy industry is the worst one among all the industries in Shandong in terms of their performance in social responsibility, especially in coal mining, electricity, and petro chemistry. It is reflected in the poor security in production and serious pollution to environment.” Chen (2007, pp. 150) suggests that differentiated policies should be made to improve their CSP according to the practical situation.

Besides, Chen (2007, pp. 150) also discovered in the feedback that “the small-scaled companies performed far worse in CSR than the ones with large or super scale.” It is because, he believed, “companies would not be capable enough and do not have enough motivation to carry out CSR until they reach a certain business scale. At present, the companies in Shandong were generally in small scale. They do not have well-regulated and sound management, and are in great needs of capital. Additionally, they have poor awareness of CSR which, for instance, may lead to the unfair
treatment to the employees.” As Chen (2007, pp. 150) proposed, Acquisition and merging might be a solution.

Last, the research data shows that “profitable companies do better job in CSR than those less profitable and the profitability gap rules how significantly different in their CSP.” Corporate economic responsibility, namely making profit is the prerequisite for corporations to fulfill their social responsibility. Companies are able to participate into social activity on moral level (like charity) only when the production activity is normal and there is no worry about their survival. Hence, the operation condition has great impact on the decisions and strategies of companies in every way. In this sense, the more profitable a company is, the more effort it could make to shoulder social responsibility. Currently, the companies in Shandong Province are still weak in the dimension of core competitiveness. And they are usually located in the less important points among the whole industry value chains, which explain their weak profitability. Therefore, to strengthen the core competitiveness like technique might be an answer to promote the CSR level in Shandong province (Chen Liubin, 2007, pp.150).

3.2.3 The “Sanlu Scandal” (Chinese CSR crisis)

The 11th of September in 2008 is Chinese “911” for its dairy industry. On that day, the melamine which Sanlu Company added into their milk led to the sickness and death of dozens of infants, which astonished the world. Since, the public has extended great indignation to the incumbent companies for their lack of social responsibility and greediness. There is no doubt that the scandal has produced huge impact on the society and the root cause of this scandal is from various aspects (Yu Lifeng, 2009, pp1-3).

The “Sanlu Scandal” has sounded the alarm for the Chinese government, corporations and the society to make them more aware of the practical situation of how the Chinese companies enforce their social responsibility. In fact, apart from the dairy industry,
there are many problems in else industries in terms of the CSR. For example, the
low-quality cotton in the texture industry; insecure mining in coal mining industry;
the serious pollution in chemistry industry; the substitute with fake, cheap
architectural materials in architecture industry; the employment of children in some
provinces, and so on. All these shocking facts draw our attention to CSR problems in
China which has been ignored for a long time (Yu Lifeng, 2009, pp1-3).

Firstly, the problem roots in the corporations themselves due to their lack of
awareness in CSR. Actually, most of Chinese companies are forced to execute their
CSR, which means they do it in a passive way. But deep in their minds, they are
reluctant to do so. Up till now, only 76 Chinese companies and organizations have
participated in the “Global CSR Pact” initiated by the United Nations. By comparison
with Western industrialized states, this is really a small number. Besides, we believe
the scandal shows that Chinese companies do not understand deeply what CSR is and
why it is important to them. Since a company in food industry (Sanlu) made such an
obvious mistake, it is hard to say that they did not realize the potential disastrous
outcome. On the other hand, for those corporations which shoulder the social
responsibility “voluntarily”, they do it as a kind of advertisement merely for the sake
of their reputations. Therefore, there is no way for them to combine CSR strategy into
the overall vision of the company (Yu Lifeng, 2009, pp1-3).

Besides, the Chinese government does not have a series of proper policies and rules to
promote the execution and development of CSR. Especially for the part of supervision
by the government, the problems rooted in the system and could hardly be solved by a
certain technical solution. To make a brief instance, when another Chinese dairy
company, Shenyuan was disclosed to add melamine into milk, a high-ranking officer
in the company said, “the surprise check this time is so surprising (ironic, ha!),
usually we should be let known before they did it”. This by all means shows that the
government’s supervision takes little practical effect and was a mere formality (Yu
Lifeng, 2009, pp1-3).
Last, the vacuum of public supervision. In Western developed countries, the development and evolution of CSR has depended largely on the public supervision. However, in China, the situation is different. The public generally do not have as good education as Western counterparts. And the education focuses much on the passage of knowledge, neglecting the cultivation of rule of law, democratic consciousness. Besides, the traditional Chinese history and culture also explain more or less why the public do not have sufficient awareness to protect their own rights (Yu Lifeng, 2009, pp1-3).

3.3 Some speculations about the prospective of CSR in China

3.3.1 To make further study of CSR based on Chinese practical conditions

In this developing phase, the problematic issues of CSR are concentrated and quite serious. Most of Chinese scholars value the importance of the study in CSR without any doubt. We know that there are series of problems during the production and operating activities like, knock-off brands, over-use in energy and resource, environmental pollution, poor social trustworthiness, and so forth. The corporations and society both suffer from the above issues to various degrees. Therefore, one of the primary speculations is that the scholars will try to find the deep root of the cause for the existing CSR issues through academic and practical research in order to keep the construction of CSR and the economic development in the same pace, and also facilitate the conflicts between the corporations and the else stakeholders.

3.3.2 The general trend of development for different types of corporations in terms of CSR in China

State owned enterprise

Generally speaking, the SOE (State owned enterprise) carry out the CSR relatively
well. This largely because its nature of “half government, half enterprise” still exists more or less during the corporation transition period, which means the SOEs shoulder some “special” responsibility for the society granted by the government (Li Wenchuan et al, 2007, pp. 112).

**Private corporation**

The general goal of private corporations is to maximize the profit. Although they have undertaken the very basic level of the social responsibility---economic responsibility, like offering jobs, increasing taxes, etc, only a very tiny portion of them have finished primitive accumulation of capital. These corporations pay attention to the long-term visions, participate actively in the social welfare activities, and do good jobs in CSR, which helps them erect positive corporate profile. However, we can not deny that most of the 3 million Chinese private corporations are still in the process of primitive accumulation of capital. These corporations are merely oriented in the pursuit of short-term economic benefits because of the nature of capital---making profit, unfair competitive environment, and absence of external restrictions by law, which leaves the CSR blank by large, especially for those small and medium sized ones. It is believed that with the accomplishment of accumulation of capital and the promotion of external environment, more private corporations would perform better in CSR and combine it into corporate strategies. But it will still take dozens of years to do it, before it, the problematic issues in this aspect will happen continuously also unfortunately in private sectors (Li Wenchuan et al, 2007, pp. 112).

**Foreign company**

Foreign companies, especially those affiliated to Western developed countries, perform well in terms of CSR in China. Those corporations have experienced the long developing history of CSR and fully realized the relationship between the corporate benefits and “environment”. They know their sustainable development largely depends on how they interact, coordinate with environment and society. Whereby, those companies put these ideas into practice consciously. So do their branches in
China. Yet, they have some problems in China currently or in the near future, probably, like Google. It is mainly because the industrial standards and rules and the business environment are different between their parent countries and China. Actually, it is quite a common problem during the progress of localization for any foreign company. Therefore, how to make their business strategies compatible with local rules and environment is the key to their success if they want to make business in a foreign country (Li Wenchuan et al, 2007, pp. 112).

3.3.3 The trend in Chinese governmental policy
First, is to fully utilize the economic tool of government purchase. The government might introduce the CSR certification system when purchasing, investing, and sponsoring in corporations. For example, it would refuse to buy the products and service from the corporation which did not maintain its employees’ well beings. The government should know that it is the largest buyer in the market. Second, is to set CSR-guided governmental policies. As we mentioned above, external environment like policies is quite important in terms of how a corporation will fulfill CSR in China. The government would take advantage of the means of finance, tax, currency, and so on to award those corporations with more benefits which fulfill CSR well. The third is to intensify the construction of the legal system. The legal system is a guarantee for the execution of CSR in any country (Huang Xiaopeng, 2007, pp. 135-136).

3.3.4 The pressure from international CSR activities/standards in China
The Western world released SA8000 (Social Accountability 8000), which has a great impact on the Chinese labor-intensive, export-oriented companies. Additionally, it puts a variety of else companies under pressure and even makes it harder to introduce the FDI. It is shown that there does exist quite a few phenomena which go against SA8000 or the Chinese Labor Law in many private companies and few foreign companies. On the other hand, SA8000 is merely one of the “products” by the
internationalization of CSR, which only aims at protecting employees’ benefits. The else international CSR activities like international guidelines for consumer protection, environment protection have great influence on the global environment of the Chinese corporations as well, which pushes them to pay more attention to CSR, to improve the corporate profile and reputation and eventually strengthen their international competitiveness (Li Wenchuan et al. 2007, pp. 111)

3.4 The latest CSR’s development in Thailand

3.4.1 The history of CSR in Thailand

Historically, CSR in Thailand has been ambiguously indicated. Moreover, main perception on CSR from Thais reflects two perspectives. One is the real interest to develop CSR so as to make returns to the society and the other is the interest of using CSR as a marketing communication tool to “PR” the company.

CSR in Thailand emerged a long time ago. The founder of CSR who has made consistent efforts to spread CSR throughout Thailand is the Majesty the King of Thailand, King Bhumiphol Aduladej (Rama 9) who has reigned over Thailand for more than 60 years. He has started and guided Thai people to improve the quality of life in city and in remote area. As he said “loss is profit” He explained that the loss was the investment to maintain high profit to society.

As a consideration of the study from Swierczek and Kraisomsuthasinee (2006, pp. 53-65), they studied the Interpretation of CSR in Thai Companies and concluded that “CSR in Thailand was in the early stage”. They interviewed seven enterprises in petrochemical, energy, construction, and finance industry. Half of the interviewees did not know CSR, none could define CSR comprehensively, and most of interviewees did not see the importance of CSR, none of the interviewees imparted CSR in their business process. This study indicated that some leading companies just deploy CSR as a business tool. We are quite surprised at the fact that the executives in
leading companies could not answer the question about CSR and could not define CSR in a positive way.

Moreover, a study from Kraisornsuthasinee and Swierczek (2006) suggests a slow emergence of CSR practices in Thailand with different priorities and interpretations. “CSR activities in Thailand are motivated mainly by currently heated events which are temporary public concerns.” And the results of their study reflect that there are no laws and regulations about CSR in the companies that Kraisornsuthasinee and Swierczek analyzed. This is somehow reflected in the nature of Thai business perception “in which there is more reliance on corporate values than actions to foster CSR throughout the social environment in Thailand…” (Kraisornsuthasinee and Swierczek, 2006, pp. 53-65).

However, CSR became clearly defined when Denso has initiated CSR in Thailand. Denso is a Japanese firm that was founded in Thailand in 1949 by joint-venturing with a local Thai company in manufacturing electrical parts. Denso has started CSR activities since 1990 under the United Nations Framework Convention on Climate Change (UNFCC). As the Denso Philosophy “contributing to a better world by creating value together with a vision for the future” (DENSO, 2009). The programs included developing employees’skills, having foresight, building credibility, and building collaboration.

Subsequently, CSR was crystallized under of Prime Minister Chuan Leekpai in the year 2000. And after the financial crisis in year 1998, Prime Minister Thaksin Shinawatra had introduced many social development programs to uplift the economy such as SME’s business, OTOP or “One-Tambon-One-Product” and so on. These were reasons why Thai economy had dramatically improved during that period. However, P.M. Thaksin was ousted by coup d’état in September 19, 2006. Then, the later government had tried to use social programs as CSR to improve political prospect. In Thai political context, CSR programs have been effective social development tools to sustain stability for the elected government.
Perceptions of CSR in Asian countries are differently addressed, depending on each country. For instance, Thailand is more concerned about “community involvement than in production processes as the same in India and Malaysia, while production processes were emphasized in South Korea” (Tanimoto and Suzuki, 2005). In contrast, perception on CSR in Western Countries is much more inclined to “policies regarding fair wages, freedom of association and equal opportunities for employees” (Baughn et al, 2007, pp. 189-205).

In the past, as you might know before, Thailand’s economic growth depended largely on agricultural sectors. With the support from the government, companies in agricultural sector have made great economic achievement, which fulfill the economic responsibility quite well. For example, in the past, some new organizations have been founded and some regulations have been formulated by government in order to help agricultural companies better perform CSR, such as the Tambon Administration Organization (TAO) in 1994, the New Thai Constitution in 1997 and the National Decentralization Act in 1999. Now the agricultural sector has diversified their products in the export market. In this sense, Thailand is now one of the world’s largest exporters of rice, rubber, tapioca, and shrimp.

3.4.2 The Population and Community Development Association (PDA) in Thailand

PDA is one of the indicative examples from private sectors that gave supportive, well-developed and successful programs of CSR. PDA initiated in 1974 by Mr. Mechai Viravaidya, to promote family planning in urban and rural areas of Thailand and then to expand into operation of primary health care, AIDS prevention, education, gender equality and democracy, promotion of income-generating activities, small medium enterprises and rural industries, forestry and environmental conservation, water resources development and sanitation etc (Viravaidya, 2000 and 2001). PDA
worked toward development of the poor people in Thailand. The most popular campaign provided by PDA was “The Thai Business Initiative in Rural Development (TBIRD)” (Chutikul, 2003).

The PDA introduced the Thai Business Initiative for Rural Development (TBIRD) at the beginning of the nineties. The main objective of TBIRD was for private companies to cooperate together with the government organizations to develop the rural communities by developing management, marketing and finance. The PDA worked as a motivating tool for private companies to join the program and to help them in selecting villages, designing, implementing and monitoring the projects. The core of PDA was to provide training and facilitate relations between companies and people from rural areas. “Advantages of the involved companies are tax benefits, improved public relations, in the case of relocated factories to rural areas, which leads to the cost cut (lower rent and labor cost), and also enhancement of staff morale and loyalty (since they do not need to go to cities hunting for jobs any more)” (Chutikul, 2003).

3.4.3 Two outstanding characteristics of CSR in recent Thai history

Trend of CSR in Thailand arose again since 2005 when International Organization for Standardization began to draft the international standards on CSR (ISO 26000) to be used in late of year 2010 as a trade barrier. In line with the role of the Ministry of Industrial Standards Institute, it has appointed an academic committee of 1004 people participating in international standard ISO 26000 since 2010 onwards. CSR will become mandatory standard throughout the business world as priority.

Nowadays, on the corporate level, CSR appears widespread throughout the society. It appears in many ways depending on their focuses, for example, CSR for children, women, or/and elders. One simple way to embody CSR is to “give” in Thailand, which means to bring out the profits and return to the social communities in different forms. There are both pros and cons for this type of “giving”. On one hand, Thai companies
donate money which is exactly needed by needy people. On the other hand, this just helps them survive only in short term. What will happen after they run out of money afterwards? Therefore, a better selectable choice for Thai companies to make is to provide training and living skills so they can survive on their own.

Although the future of CSR faces many challenges ahead, there is a promising suggestion that CSR is a step towards sustainable development. Important questions for further exploration are (1) should the government increase its regulating parameters on private sectors? (2) Should civil society move beyond a monitoring role to provide action plans for developing partnerships with business? (3) What will be the best way to motivate business towards greener operations? Finding the answers to these questions in the increasingly complex world will determine our collective success in achieving a more sustainable future.

3.5 Some significant CSR parameters in Thailand

3.5.1 Political (corruption rate)

According to the survey on the Political and Economic Risks of PERC for the year 2009, Thailand ranked number two among the most corrupted countries in the sixteen Asia-Pacific economies surpassed only by Indonesia (Agence France-Presse, 2010). Despite the fact that Thailand has established the National Anti-Corruption Commission (NACC) since 1999, the main objective of this agency is to investigate the State officials who hold executive posts or the Government officials who hold positions from the Director level upwards or the equivalent. The main problem that causes the high corruption rate in Thailand is about the level of seriousness performed by their government to charge penalty and punishment. “The facts are that most of these high ranking officers of the State enterprises and the Government Offices have become unusually wealthy or have committed corruption” (The Constitution of the Kingdom of Thailand, 2007).
However, this independent Commission cannot apply full effort and responsibility to stop corruption seriously and continuously. In order for NACC to succeed in leading all sectors (public and private) to come together to stop corruption, the government is the body that has the full support and can push the policy into effect to be fully efficient and successful. However, the government cannot support the NACC and its strategies as it should eliminate corruptions in all the sectors in Thai society. So the driving strategies from NACC became useless and produced nothing positive in trying to reduce the corruption in both the State Agencies and the Government Offices.

So, it is time to change the government’s policy, and try to stick to the rules and follow the transparency processes for anti-corruption or change in the Thai’s perspectives. According to the recent survey from Assumption University, Thailand or ABAC poll (Assumption Business Administration’s College), there is a survey on Thai people’ perception of corruption within their government and the results are very frightening. The results about the perception reflected on the corruption on December 18, 2006, found that 63.2 percent of people did not care whether the government commits fraud or corruption as long as the government makes the people and the country better (Kannika, 2006).

In fact, this kind of survey is not new in Thailand. Many of surveys got the same result that showed people are not interested whether the government is corrupted or not. However, these results are not the best solution to solve the problems of corruption. Even though the majority of Thai people can accept corruption easily but the corruption as everybody knows, is still dangerous and harmful to the country as a whole. Consequently, the government will continue to be corrupted while trying to fulfill people’s needs as long as they are happy. This is not good for the country in a long run because it will encourage people in power to seek their own fortunes at the expense of the well being of the people in the nation. Besides, the growth of the national wealth will not be sustainable as it will lose competitiveness to other nations that are built on transparency and uncorrupted practices of the government.
3.5.2 Religion and Culture

The common religion, cultures in Thailand is spread upon Buddhist beliefs. This can be explained by Vichit Vadakan (2006). “Where all statuses, conditions or situations whether material or non-material are but a temporary stage in an endless cycle of death and rebirth before ultimate enlightenment can be attained. Within the circle, the death and rebirth inevitably come together.” The Thai companies respond to their social responsibility based on the Buddhist thoughts, meaning that they believe they make contributions to the society voluntarily, so that they may get paid or somehow returned in the future or in the next life. That is why and how we say philanthropy plays an important role in CSR decision making of Thai companies.

![Figure 3.5.2 CSR components in developed and developing countries](image)

According to the table figure 3.5.2, both in the developed and developing countries, Carroll and Visser agree that economic contribution comes as number one priority and concern. But for the developing countries like Thailand, the Philanthropy comes as the second priority when fulfilling CSR and it comes as the last intention and reason for the developed countries. Definitely, the table illustrates that different religions and cultures affect the practices of companies in social responsibility.

Another interesting point of Thai culture is conflict avoidance. Usually, Thais would
not like to produce confrontation. Moreover, they are much compromised to the problem or conflict. “There is a general agreement that any sort of outward confrontation that results in bad feelings or face losing will damage or ruin a relationship” (Vadakan, 2002). Sometimes when a certain company sacrifices the employees’ benefits, employees may not oppose to the company since they do not want to see any potential clash or disagreement.

3.5.3 Disaster arouses CSR

We would like to introduce a representative case in Thailand to illustrate how a catastrophe reshaped the CSR configuration in Thailand. The Indian Ocean tsunami hit the southern part of Thailand on December 26, 2004. This disaster (Tsunami) led to the deaths of over 270,000 people and injured half a million people with the lives of as many as five million get disturbed in some ways (World Health Organization, 2005).

During the recovering period, the government of Thailand initiated some CSR practices to evoke the private sectors to carry out their social responsibilities. Later, accordingly, many hotels had been enforcing CSR by arranging for the delivery of water and food supplies to the victims. Collected and distributed items such as clothes and temporary residences were provided to those victims as well.

Continuously, the public and private sectors gave their hands to help the victims and assist to recover the local community. For example, a Chairman of a group company spoke about concentrating on a “long-term project aiming at restoring the shattered communities—providing psychotherapy, sponsoring orphans, rebuilding homes, schools, and fishing boats for villagers” (The Straits Times, 2005). Another company financed some communities in rebuilding schemes, including local schools and permanent housing (Six Senses, 2005). Obviously, the catastrophe had motivated the private sectors to become more social responsible.
Each coin has two sides. It is good to see that a certain disaster or natural phenomena can act as a catalyst to motivate corporations to care more about the public. As we mentioned before, after Tsunami, there was a close cooperation among government, companies and even foreign sectors. With all these hands joining together, it is not surprising that today there are much more visitors coming to Phuket, Thailand. New hotels will be built, damaged hotels will be renovated and the most important thing is the fact that many Thai companies have shown their determination to rebuild the society and become more CSR minded. That is why visitors keep coming back to Thailand as it is known as “the land of smile”.

3.6 Speculation of CSR in the future in Thailand

3.6.1 Trends of CSR in Thailand

During the economic crisis in Southeast Asia and later, most of companies in Thailand are facing with the pressure from financial reporting. More than financial issues, “Human rights, human dignity, social responsibility and equitable treatment within stakeholder groups were the issues raised by activists, reporters, analysts and the public at large. As a result of this, all listed companies were asked by the Stock Exchange of Thailand to appoint an audit committee before the end of 1999” (Ratanajongkol et al, 2006, pp. 67-83). This effort has supported many Thai companies to practice CSR.

However, according to the research from Kraisornsuthasinee and Swierczek (2006), one surprising discovery of the study is that “according to the perceptions of the executives in numerous Thai companies, there is no clear, single definition of CSR.”, “Four out of seven informants are familiar with the terminology and concept of ‘CSR’. They consider it the social aspect of sustainable development. Others still perceive socially related activities as business as usual”. The main benefits and the priority of
CSR practices in Thai companies are very different from each company depending on the industries where the companies are. One prominent attribute of Thai companies is that CSR practices are mostly driven by newly emerging events. Thai companies like to respond to CSR in public concerned event. That is to say, CSR is used as a tool to create a positive image of the company. What is worse, there is no sign showing that this trend has a chance to stop. If it can not be changed------CSR does not solve practical social problems, it is difficult to say that there is a chance for Thai companies to make a progress in CSR practice.

During the crisis and since then, Thai Government and Thai companies believed that CSR is the means that can bring out sustainable economy to the country. According to the meeting of APEC (Asia-Pacific Economic Cooperation) on 22-23 November 2008, consensus was reached among Thai companies that \textit{“CSR can reinforce the positive effects that trade and investment would achieve great growth; competitiveness and sustainable development could be accomplished to some extent”} (APEC, 2008).

As mentioned above, Thai companies usually pay huge attention to the public concern and take advantage of it to build their profiles for their own sakes. On the other hand, other issues within CSR like environment concerns, employees’ benefits are often ambiguous, meaning that their social responsibilities do not cover clear objectives on how to protect the environment and the employees-related issues, etc. In this point, their performances on these issues largely depend on the corporate value, more specifically, on the thoughts and attitudes of the bosses. For example, if a boss has preference for the well being of her personnel, he will probably treat them well in many ways. On the other hand, if she does not, namely, she is a cost sensitive boss, and then she would probably save the cost at the sacrifice of employees’ benefits. However, generally, according to Chambers \textit{et al.} (2003), his study shows that \textit{“the pattern of CSR in Thailand concentrates on community involvement but ignores employee”}. And we think this trend will continue for a couple of years.
Additionally, for the good news, the trend of CSR in Thai companies could be more proactive in the large industries such as cement and energy sectors. Recently three companies, including two members of the Word Business Council of Sustainable Development and one Thai company with a management team and CSR practices from its European partner show their commitment to develop CSR practices level in Thailand by setting the CSR visions to communicate with related department of government. However, Thai companies still need to improve on the transparency of the communication channels with the government in case the existence of corruption.

3.6.2 The trends for improving CSR in Thailand

External issues, especially community engagement such as ethical society in Thailand are prominent compared with others Asian countries. But the internal improvements are still considerably needed such as the welfare of the employees and “stakeholder engagement” according to the research of Welford (2005, pp. 33-52).

As the result of the interacting forces above, Thai Companies tend to see clearly the benefits of CSR in terms of stakeholder engagement. So, instead of doing CSR in eventful issues, the company should initiate to work out plans of action with government departments and politicians well in advance.

Lately, Thailand has set up CSR committee comprised of both the public and the private sector. This committee will provide the guidelines of CSR and its implementation on. The stock exchange of Thailand arranged for the competition for the companies, which aimed at leveling up CSR practices.

As to transparency within the company, companies should set CSR committee in the board of director, ensuring and controlling the implementation and cooperation with the related department of government. Besides, companies should also convey their
visions and objectives of CSR inside-out by disclosing the related activities to the public as well as others companies in order to generate the CSR competition. Generally, the Thai companies should focus more on other dimensions of CSR like the environment, employees in order to equalize the overall configuration of CSR both internally and externally.

3.6.3 The example of CSR from Unilever, Thailand

We would like to present the vision of CSR from Unilever, Thailand to exemplify the future in Thailand

"We aim to manage and grow our business successfully and sustainably as a trusted corporate citizen around the world, respected for the values and standards by which we have.

As a responsible business, we seek to understand and manage our social, environmental and economic impact, working in partnership with our suppliers and customers, with governments and NGOs, and increasingly with consumers who are at the heart of everything we do" (Unilever, 2002).

3.7 The Stakeholder Theory and the Pyramid of CSR

Scholars in Western countries study CSR from different perspectives throughout decades. The stakeholder Theory focuses on the study on the corporate governance, and other studies like the Social Responsibility Hierarchy Theory studies on the perspective of social relations. Here we primarily keep our eyes on these two theories which our survey is based on.

The concept of stakeholder was first put forth in Igor Ansoff’s Corporate Strategy, but it was not until 1984 with the publishing of R. E. Freeman’s Strategic Management: A Stakeholder Approach that the terms such as stakeholder and Stakeholder Theory began to be widely used. R.E. Freeman (1984) pointed out stakeholders are
individuals or groups that exert influence or are influenced in the fulfillment of company’s objectives. According to his definition, stakeholders, managers, employees, consumers, suppliers, creditors, governments, communities and the environment are all stakeholders. Freeman also testified the practical significance of Stakeholder Theory (Huang Lujin, He Shiyou. 2008, pp. 4).

Corporate Social Responsibility Hierarchy Theory reflects upon what social responsibilities a certain company needs to take and the relationship among those responsibilities. In this framework, Carroll (1979) brought up the Three Dimensional Corporate Performance Model, in which Carroll suggested a company should take four parts of social responsibility: economic, legal, ethical, and discretionary expectation from the society. Meantime, she explained the detailed content of these four parts of social responsibility.

In 1991, she further integrated the four parts and proposed Corporate Social Responsibility Pyramid Model. On the bottom of it is the economic responsibility, which is the most basic one among all, namely to make profit as a company. The next level above is legal responsibility, which requires the companies to conform to the “game rules” of business. The further upper level is the ethical one. This level refers to all the stakeholders which a company should fulfill its duty to, including consumers, communities and employees etc. The top level is philanthropic responsibility. One outstanding characteristic of this level is that responsibilities in it are basically performed voluntarily by companies, perhaps out of their concerns or thanksgiving to the society.

Carroll (1991) regarded these two theories as two dimensions in determining CSR and created a stakeholder-social responsibility hierarchy model, in which responsibilities on different layers reflect relationships between a company and different stakeholders (Fig. 1). She believed such a multi-view helps bring about systematic thinking and planning about CSR.
Communities
Other stakeholders
Consumers
Environment
Suppliers
Creditors
Stockholders
Employees
Government

Fig. 3.7 Stakeholder-Social Responsibility Hierarchy Relationship
4. Survey Design and Data Collection

4.1 Survey design

With regard to the awareness of CSR and its application, it could be evaluated from different angles. This survey has Carroll’s Stakeholder-social Responsibility Hierarchy Model as framework and unfolds as five parts: the Responsibility of Employee’s benefits, Environmental issues, Market Obligation, Community Responsibility and Corporate Value (see in the attachment). And this survey is created by Professor Huang Lujin in East China University of Science of Technology. We feel honorable to be authorized by her to use it and also her survey result in China. Generally speaking, we aim to explore how the Thai and Chinese companies understand the content and significance of CSR and how they apply it in practical.

In addition, this questionnaire will help the surveyed companies to think about their companies’ efforts towards responsible entrepreneurship by raising questions on the possible ways they could improve their business in a profitable and sensible manner (UN, 2008, pp. 2). Further below, we would elaborate the four parts of the survey except the corporate values, and afterwards, make some analysis according to the result of the survey.
4.2 Four dimensions of the survey

4.2.1 Workplace policies

We know that nowadays the success of a company largely depends on knowledge, skill, talent, and creativity, especially for those on the forefront of the globe. With the companies growing, they need more people who they could rely on to expand their business.

Although the modern company system has regulated quite well about how to ensure the employees’ safety in workplace, working hours, welfares, which meets their basic needs. However, with respect to the level of satisfaction of employees in workplace, the companies still have much room to improve. For instance, how to combine employees’ career plan/goal into practical work, to make it in line with the companies’ goals? If it is achieved, the employees will be more loyal to the companies and the companies will better fulfill their needs to develop.

4.2.2 Marketplace policies

Within the modern business environment, no company is able to live on its own—not to cooperate with organizations in up or down-stream industry or to be ignorant of the interaction with customers. On the opposite, numerous facts illustrate that having good relationships with other stakeholders in the business environment makes it more likely to have win-win situations for all the ends. There is no doubt that among those relationships, the ones with customers and providers are extraordinarily important.

We believe that, to manage well those relationships, there are two key points. One is to be credible, which requires companies to stick to the commitments they have made. It helps them mold reputations. Second is to learn to share, especially with providers. Companies and providers usually grow together in every way through sharing experience with each other. And a healthy upstream industry does nothing harmful to
the company by itself.

4.2.3 Environmental policies

The world is threatened a lot by varieties of pollutions, which pushes people to take the environmental protection seriously. From the company’s angle, good performance in environmental protection benefits company by itself. Take “three R” as example, the policies of reusing, reducing, and recycling save the company’s cost. Further more, environmental protection helps companies to get along with the community well, raise the loyalty from customers. These benefits above contribute to the sustainable development of a company.

On the contrary, if a company behaves poorly in the environment aspect, it will probably face denouncement, even punishment by the industrial associations, environmental organizations and the government. Therefore, a company would better fulfill its environmental responsibility positively and voluntarily also for the sake of corporate image.

4.2.4 Community policies

There is close connections between the well being of the local community and the profitable business. It enables a company to benefit as below through positive interactions with community:

- Valuable networking and links with other enterprises;
- Gain corporate reputation;
- Strengthen customer recognition;
- Improve staff recruitment and retention.

Then how could a company interact with community positively? It could offer support for the community like, sponsorship, expertise, organizing activities and so on. Of course, the activities should be aligned with the corporate object. What is more and
important, all these support should be within the company’s capacity.

4.3 Data collection

4.3.1 Part for China
First of all, we would like to declare that the survey result for the Chinese part is from Professor Huang Lujin who has done it in China in 2008. Hence we just directly take advantage of it for the use of our thesis and really appreciate her generosity and favor. The survey object includes foreign companies, state owned enterprise, private companies and companies of else types in China. The surveyed companies involved the industries as Agriculture, Software, Tourism, Finance, and Telecommunication and so forth. We totally sent 300 pieces of survey and successfully retrieve 256 pieces, within which 230 pieces are valid.

4.3.2 Part for Thailand
The survey object includes foreign companies, state owned enterprise, private companies and companies of else types in Thailand. The surveyed companies involved the industries as Agriculture sectors, Financial institution (and Banking), Infrastructure sectors, and so on. Besides, we totally got the response for 157 pieces, within which 108 pieces are valid.
5. Discussion of the Survey Result

5.1 Analysis of the responsibility for employees’ benefits

This part of survey involves the corporate policies and attitude towards employees inside the company. We mainly study six questions: whether employees’ long-term career plan is encouraged; whether there is any discrimination in recruitment; whether there is any discrimination in workplace; whether the management takes employees’ suggestions; whether employees’ health, safety and well beings are secured; and whether the balance between work and life is advocated. Consequently, the average score for China is 63 and 73 for Thailand (100 in total). Hence, it is believed that Thailand does better than China in terms of maintaining employees’ benefits. The results are shown in Fig. 5.1.1, 5.1.2, 5.1.3
5.1.1. Discussion of the result in China

From the result, we could see 80% of the respondents believe their companies encourage employees to set up long-term career plan, which is embodied by those employees born after 1980s. They grow in the environment which is considerably influenced by the Chinese “Reform and Opening up Policy”. They received better education than the older generation and are more rational on their career plan, which has great influence on the staff policy inside companies.

50% and 46% of the surveyed companies take measures to prevent discrimination respectively in recruitment and workplace, which implicates that the chance of occurrence of discrimination in recruitment and workplace is rather high such as gender, disabled ones. In addition, according to Chinese practical situation, discrimination might also be imposed against job interviewees who do not have local household register. So there is still much room to improve with respect to this aspect.

79% of surveyed Chinese companies have taken measures to protect employees’
health and safety in workplace, which illustrates that Chinese companies have improved a lot in the awareness of this aspect. These years, the Chinese government has gone great length to advocate building harmonious society and sustainable development, which requires the companies to protect their employees’ safety and guarantee their health in workplace. It seems the advocacy has been well responded.

Concerning the democracy in the company, 59% of Chinese companies listen to employees when making decision. Besides, 65% of Chinese companies advocate employees to balance between work and life.

5.1.2 Discussion of the result in Thailand

We could see that 75% Thai companies encourage employees to have their career plans in a long term. We could say that Thai companies do good job in this aspect. When being asked whether discriminative phenomena exists in recruitment and workplace or not, only 33% and 31% of surveyed Thai companies believe they have policies to avoid the existence of it respectively. And 21% of companies answered with “sometimes”. The result demonstrates that Thai companies have weak awareness on this point. Besides, because that how Thai companies treat their staff largely depends on the employers’ preference and attitude, it probably results in the inconsistency of the discrimination-related policy. This is one of the reasons why 21% of surveyed Thai companies “sometimes” have measures to prevent discrimination like gender, disabled, etc.

Apart from it, the characteristic of “conflict avoidance” in Thai culture may also account for the existence of discrimination in companies. Since when a company discriminates against a certain employee, he is rather likely to undertake it without any protest. It may explain why Thai companies are poorly aware of this part of CSR as well.
36% of surveyed companies definitely encourage employees to balance between work and life, and listen to them for their advice in workplace. 47% and 46% of surveyed companies respond with “sometimes” respectively to the two above issues. It is still believed the employers’ personal preferences account for it. Hence, there is much room to improve in terms of the consistency of discrimination-related policies within Thai companies.

88% of respondents say their companies have related measures to protect employees’ safety and guarantee their health in workplace. It is echoed with Thai king’s view that Thailand values its people’s life a lot.

5.1.3 Comparison between China and Thailand

![Comparison between China and Thailand](image)

Fig. 5.1.3 Result of the Comparison between China and Thailand

Notice: Q1. Whether employees’ long-term career plan is encouraged; Q2. Whether there is any discrimination in recruitment; Q3. Whether there is any discrimination in workplace; Q4. Whether the management takes employees’ suggestions; Q5. Whether employees’ health, safety and well beings are secured; Q6. Whether the balance between work and life is advocated.

Source: the figure is created by the authors
With the reference of the average score (73 to 63), Thai companies protect their employees’ benefits better than their Chinese counterparts. Thailand and China are both export-oriented economy. The performance of the economy largely depends on the domestic export sector. Yet, there are some differences between the two economies. The Chinese export products are mainly contributed from the labor-intensive industries. Take an instance. In 2003, Chinese products of clothes, shoes and toys occupied for 31.8%, 32.9% and 34.8% respectively in the world export marke (Shenzhen University, 2004). However, although the Chinese government has made great efforts to improve in the aspects of the safety and health of practitioners within the labor-intensive industries in workplace and made considerable progress, some practitioners are still not well treated generally compared with ones in the else industries.

By comparison, Thailand primarily exports products in manufacture and agriculture sectors and offers tourism service as well, but the products from the labor-intensive industry only account for a limited portion in Thai export market (e.g. 10.9% in 2003 and 9.8% in 2004) (Zheng Bozhou, 2005, pp. 126). This is probably the reason that Thai companies generally behave better than their Chinese counterparts in terms of protecting employees’ overall benefits.

Despite the fact that in this aspect Thai companies score higher than Chinese ones averagely with 73 to 63 (as mentioned above), as to the score of choosing “sometimes” as reply, China is 20 on average, and Thailand is surprisingly 36 on average, which is higher than China by large margin. For this result, it could be probably explained that there are much uncertainties in employees’ benefits-related policies in Thai companies, which is because the Thai corporate value, namely the employers’ preference and attitude counts concerning this part of CSR. That is why there is a great number of Thai companies have “sometimes” as answer.
5.2 Analysis of the environmental issues

This part of survey involves the corporate policies towards environmental issues. We mainly study nine questions: whether the surveyed companies save energy; whether they dispose and reuse the waste; whether they prevent the pollution; whether they protect the natural environment; whether environmental friendly transportation means are advocated; whether the companies save capitals while reducing the pollutants and saving energy; whether companies consider environmental issues while devising new products and services; whether companies provide their environment-related information for the stakeholders; whether environmental protection is an advantage for the company’s product or service. Consequently, the average score for China is 57 and 77 for Thailand (100 in total). The result is obvious that Thai corporations have much better awareness in environmental protection and energy saving than Chinese companies, which is shown in Fig. 5.2.1, 5.2.2, 5.2.3.

![Fig. 5.2.1 Result of Survey in China](image1)
![Fig. 5.2.2 Result of Survey in Thailand](image2)

Notice: Q17.1. Whether the surveyed companies save energy; Q17.2. Whether they dispose and reuse the waste; Q17.3. Whether they prevent the pollution; Q17.4. Whether they protect the natural environment; Q17.5. Whether environmental friendly transportation means are advocated; Q18. Whether the companies save capitals while reducing the pollutants and saving energy; Q19. Whether companies consider environmental issues while devising new products and services; Q20. Whether companies provide their environment-related information for the stakeholders; Q21. Whether environmental protection is an advantage for the company’s product or service.

Source: the figure is created by the authors
5.2.1. Discussion of the result in China

Looking at the question 17.1 to 17.5, we could find that except for question 17.1 (score 87), the rest of four score relatively low with 65 for Q17.2, 57 for Q17.3, 57 for Q17.4 and 44 for 17.5, which reflects the poor performance of Chinese companies in environmental protection.

Only 48% of responding companies believe it helps them save capitals by saving energy and protecting environment, which obviously is not optimistic. As we know, environment and energy issues are not a kind of propaganda a company utilize to promote themselves anymore, but on the agenda of it which is taken seriously by the companies all over the world. Considering the context that the pollution by Chinese companies is still serious, they have made great practical efforts in this aspect since, either under the pressure of governmental and industrial policies or echoing with the governmental advocacy to build the harmonious society and achieve sustainable economic development. Nevertheless, only 48% surveyed companies tick “yes” when asked whether they benefit financially from these efforts. This is because the cost of input of these efforts (especially in technology) outweighs the return from it.

Besides, only 46% of responding companies take the environmental issues into consideration when devising new products and services, which reflect the thin awareness of Chinese companies in it. That also results in the situation that the Chinese companies usually have to cope with the pollution afterwards.

52% provide the environment-related information for the stakeholders, meaning that there is still some room to improve in terms of information transparency of Chinese companies. 59% do not deem environment-friendliness as a kind of advantage for their products and services. This might explain why Chinese companies do not have high motivation in environment protection (besides, they are not able to financially benefit from it). That is to say, they do it probably in a passive way meaning that they
are obliged to comply with the industrial or governmental policies and rules------above in the theoretical framework, we mentioned the Chinese government is more or less dominant in the development CSR.

5.2.2 Discussion of the result in Thailand

The results of the first five questions (96%, 93%, 80%, 78%, and 64% for Q17.1-Q17.5) show that Thai companies generally have good awareness in energy-saving and environmental protection, which is somewhat surprising according to our preoccupied thinking. The fact could be explained by two ways: 1. Thais believe Buddhism which rules that one pays and one must get something in return one day. However, if the thing one pays is negative, then she must get something in negative equally. That is why Thai companies do nice to environment (they do not want to get revenged by nature one day); 2. Thai companies appreciate the close link with local communities. However, the pollution by the companies must pollute the communities, and further affect the relationship with them, which is another reason for their good job in environmental protection. Hence, these two causes explain Thai companies’ nice performance in this aspect.

Nevertheless, 33% companies are sure that they have saved money by implementing these measures, which demonstrates that there is much room of improvement concerning the financial gap between input and outcome. Apart from it, 66% surveyed companies consider the potential environmental impact while devising new products and services; 69% provide environment-related information for the stakeholders; 70% see environment-friendliness as an advantage of their products and services. It is obvious that there is still some room to improve concerning these three questions. We tend to mention one conspicuous point that, as to the above three questions, almost half of the respondents tick “sometimes” as answer, which echo with the problem we talked about above, namely the Thai corporate policies are short of consistency.
5.2.3 Comparison between China and Thailand

![Graph showing comparison between China and Thailand]

Notice: Q17.1. Whether the surveyed companies save energy; Q17.2. Whether they dispose and reuse the waste; Q17.3. whether they prevent the pollution; Q17.4. Whether they protect the natural environment; Q17.5. Whether environmental friendly transportation means are advocated; Q18. Whether the companies save capitals while reducing the pollutants and saving energy; Q19. Whether companies consider environmental issues while devising new products and services; Q20. Whether companies provide their environment-related information for the stakeholders; Q21. Whether environmental protection is an advantage for the company’s product or service.

Source: the figure is created by the authors

Generally speaking, Thai companies do much better in terms of energy saving and environmental protection than Chinese counterparts with 20 of the average score higher. China’s performance is somewhat disappointing and lots of efforts are needed while Thai companies are good in this dimension of CSR, which is a bit beyond expectation. Yet, it is undeniable that there are some common shortages in both countries. One of them is that the financial gap between input and outcome in energy saving and environmental protection is not optimistic, which reminds the companies in both countries that CSR is not isolated from companies by themselves and it should be closely linked with the companies’ own benefits.
5.3 Analysis of the market obligation

For this part, we investigate how the companies in these two countries fulfill their marketplace obligation. We have the surveyed questions as whether the companies have related policies to ensure their trustfulness and honesty; whether clear information about the products and services is provided; whether the companies pay the providers on time; whether there are channels to communicate with other stakeholders; whether they keep an eye on other stakeholders’ complaints; whether they cooperate with other companies to solve the common problems within industry. Here the average score for surveyed Chinese companies is 78.5 and 78.5 for Thai ones, as well. The results are shown in Fig. 5.3.1, 5.3.2, 5.3.3.

Notice: Q22. Whether the companies have related policies to ensure their trustfulness and honesty; Q23. Whether clear information about the products and services is provided; Q24. Whether the companies pay the providers on time; Q25. Whether there are channels to communicate with other stakeholders; Q26. Whether they keep an eye on other stakeholders’ complaints; Q27. Whether they cooperate with other companies to solve the common problems within industry.

Source: the figure is created by the authors
5.3.1. Discussion of the result in China

For Question 22 to 24, 85%, 78%, and 74% surveyed Chinese companies respectively have related policies to ensure their trustfulness and honesty, provide clear and accurate information about their products and services, and pay the providers on time. After the occurrence of “Sanlu Scandal”, Chinese government has strengthened the censoring for the products before they flow into market and has also upped the penalties for those which produce problematic goods. Further more, the government has tightened the enforcement of “Contract Law” and “Law on Protection of the Rights and Interests of Consumers” since, in order to ensure the benefits of vulnerable business parties like consumers and providers. Hence, under the guidance of related policies by the government, Chinese companies start to pay much attention to construct the corporate system of trustfulness and honesty like providing more reliable products and services for the market, raising the level of transparency of the information for their products to help customers make better purchase choices. By all means, the feedback of these gratifying measures has been embodied in the Question 22 to 24.

Apart from it, 82% of the responding companies have certain channels to communicate with stakeholders, especially with providers and customers, and 85% try to figure out solutions in response of their complaints. It displays that Chinese companies have made great effort in both upstream (providers) and downstream (customers) of industrial chain in order to heighten their competitiveness in the market. The great progress Chinese companies have made is speeding up the pace of marketization of the nation’s economy.

With regard to the question that whether they strive to cooperate with other companies to solve some common problems within industry, only 39% companies ticked “yes”. It undoubtedly show that Chinese companies lack for motivation in terms of solving problems within industry, which could probably be explained by the point that these
problems do not directly involve their own benefits or they hold “hitch-hiker” attitude waiting for other to do it first.

5.3.2 Discussion of the result in Thailand

84% surveyed companies have related policies to make sure of their trustfulness and honesty regarding the basic business rules like sticking to the contract. However, as to the question that whether companies provide reliable information about their products, only 41% of companies chose “yes” as answer, which shows that Thai companies are not that honest in this aspect. They probably exaggerate or fabricate the efficacy of certain products. For example, above in the theoretical framework, we mention Namya Dhevada, a kind of drug, was fabricated to have the efficacy of curing cataracts. Consequently it led to consumers’ blindness.

43% of respondents selected “yes” when asked if they pay the providers on time. The figure is absolutely not optimistic and somewhat contradictable to the result of Question 22 (84% have related policies to ensure their trustfulness and honesty). We believe one possible reason is that in the relationship between company and provider, provider is in a disadvantaged position. It may explain why providers’ right is suffered.

On the other hand, 87% of surveyed companies have channels to communicate with other stakeholders. 91% provide solutions for what stakeholders complain about, which illustrates that Thai company focuses on listening to stakeholders’ appeals and go to great lengths to maintain their benefits.

Besides, 79% of respondents cooperate with other companies to solve the common problems within industry. It echoes with Thai spirit of “give” and their Buddhistic belief: one pays, one gains.
5.3.3 Comparison between China and Thailand

Notice: Q22. Whether the companies have related policies to ensure their trustfulness and honesty; Q23. Whether clear information about the products and services is provided; Q24. Whether the companies pay the providers on time; Q25. Whether there are channels to communicate with other stakeholders; Q26. Whether they keep an eye on other stakeholders’ complaints; Q27. Whether they cooperate with other companies to solve the common problems within industry.

Source: the figure is created by the authors

To the extent that how companies in these two countries fulfill their marketplace obligation, they perform as well as each other generally (with the same score 78.5). We could say both countries have advantages and disadvantages in this patch of CSR.

As to the information provision on products and services and paying the providers, Chinese companies do relatively better; on the other hand, in the aspect that whether companies cooperate with others to solve common problems within industry, Thai companies do better. One likely reason is that Chinese entrepreneurs keep the “hitch-hiker” attitude, waiting for the else companies to do it first while Thai entrepreneurs are more willing to “give” under the guidance of Buddhism. In the else aspects of market obligation, the companies in both countries perform almost in the
same level and are satisfactory, but undeniably, it still leaves some space to improve.

### 5.4 Analysis of the community responsibility

With regard to the community responsibility for the companies in the two countries, we designed five questions as below: whether to provide training for the local residences; whether to communicate with the local community on the sensitive and controversial topics which involve the benefits of both two parties; whether to purchase in community; whether to participate in or organize events in community; whether to sponsor activities regularly in community. The average scores for China and Thailand respectively are 43 and 77 out of 100.

![Fig. 5.4.1 Result of Survey in China](image1)

![Fig. 5.4.2 Result of Survey in Thailand](image2)

Notice: Q28. Whether to provide training for the local residences; Q29. Whether to communicate with the local community on the sensitive and controversial topics which involve the benefits of both two parties; Q30. Whether to purchase in community; Q31. Whether to participate in or organize events in community; Q32. Whether to sponsor activities regularly in community.

Source: the figure is created by the authors
5.4.1. Discussion of the result in China

For China’s part, in overall, we could see that no more than 40% surveyed companies tick “yes” and no more than 60% have affirmative answers for each question, which reflects the thin awareness of Chinese companies in the community responsibility. For Q28 that whether companies provide training for the local residences, only 22% companies do so, which hits lowest record in the survey. And when asked whether to communicate with community on some sensitive and controversial topics, only 35% gave affirmative answers, which shows the connection between Chinese companies and community is unsmooth. For the questions that whether to purchase, to participate in or organize events, and to sponsor activities regularly in community, the answers are not optimistic either, with 48%, 56%, and 56% respectively.

When it was in the first phase of the CSR development in China (1949-1978), the Chinese companies then shouldered parts of governmental responsibilities, like setting up schools, providing training for the local residences, and running hospitals in communities. However, after 1978, the year when reform and opening up policies was promulgated, companies gradually laid aside these “special” responsibilities and mainly focused on the commercial activities, indicating the start of capital accumulation for them. Within this process, a large number of companies were ignorant of the community construction and some even brought about negative impact (like pollutions) on the communities for their own economic benefits. Hence, the results of these five questions in survey basically reflect the companies’ standpoint and attitude towards community construction for a long time after China’s reform and opening up. And only a minority of them, which are profitable and with large scale care about this aspect of CSR.

5.4.2 Discussion of the result in Thailand

Thai companies behave relatively well in the community responsibilities with the score of 77. Thailand always has the tradition of involving in the communities issues
no matter for government or companies, which supports the argument in the theoretical framework that “Thai companies are more concerned about ‘community involvement’ rather than in production processes”. Besides, the king of Thailand advocates that the companies should participate in the construction of community and quite a few respond positively, especially after the “Indian Ocean Tsunami”. For question 28, 29, 31, and 32 (see them in the figure 5.4.1, 5.4.2), surveyed Thai companies score respectively 73, 77, 84, and 91, which shows their keenness on community issues. Thai companies are usually willing to “give”, based on Thai Buddhistic belief, which explains their high score in the question 32 about sponsorship. However, as to the corporate purchase, only 59% companies purchase in the community. This could be explained by the dispersed industry chains in Thailand. For example, if a certain Thai company in the upstream of the industry wants to buy some raw materials, then it has to go far distantly to purchase it, perhaps across different communities. One speculation is that with the primary trend of economic development, the Thai industry chains are continuously concentrating and the phenomenon of corporate purchase across communities might probably be changed.

On the other hand, a usual problem still exists that, the number of surveyed companies which chose “yes” is almost equal to that of ticking “sometimes” for each question except for Question 29. And for question 29, the number of selecting “sometimes” is even more than twice of that of ticking “yes”. Concerning this phenomenon, it is either because that the Thai companies have high motivation to carry out the community responsibilities only when some disastrous events happen, or that the Thai entrepreneurs’ preferences decide whether and when to fulfill this part of CSR.
5.4.3 Comparison between China and Thailand

Notice: Q28. Whether to provide training for the local residences; Q29. Whether to communicate with the local community on the sensitive and controversial topics which involve the benefits of both two parties; Q30. Whether to purchase in community; Q31. Whether to participate in or organize events in community; Q32. Whether to sponsor activities regularly in community.

Source: the figure is created by the authors

Generally, in the aspect of community responsibility, Thai companies do much better than Chinese ones (77 to 43). The result of the survey shows that there is a gap for 51% between two countries in terms of the provision of training for local residence, a gap for 42% in terms of communication between communities and companies, and a gap for 35% in terms of sponsorship for communities. We could see that as for these three parts, Thai companies perform far more excellent than its Chinese counterparts.

To find the reason, it is believed that Thai companies always have the tradition of participating in the community construction which is quite often neglect, even avoided by its Chinese counterpart in the process of its capital accumulation.
6. Conclusions and Suggestions

6.1 Conclusion for Chinese companies

6.1.1. Responsibilities for employees’ benefits

The Chinese young generation is relatively visionary in career plan compared with the old one, which pushes the Chinese companies have to changed the related policies accordingly and concern more about employees’ long-term career plan.

On the other hand, the discrimination in the issues of gender, region alike still exists in Chinese companies in the process of recruitment and workplace. It is believed it has to do with the culture and system of the entire nation. Hence, joint efforts by Chinese government and companies should be made. However, it is hard to believe the situation could be changed a lot within a short period. Besides, one good point is that Chinese companies have made great progress in terms of protecting employees’ safety and maintaining their health in workplace.

6.1.2. Environmental issues

The Chinese companies perform poorly in overall in terms of environmental protection and energy saving. The problems lie in the low efficiency of the utilization
Apart from it, the companies which have taken the environment-friendly measures and energy-saving measures do not receive the expected economic outcome (the cost of R&D and operation of related technology is high). What is worse, Chinese companies do not deem environment-friendliness and energy-saving as sorts of advantage for their products and services. That is why they lack motivation to make due pains and are guided passively by the government and industrial association.

6.1.3. Market obligation

After the exposure of “Sanlu” scandal, Chinese companies have done a lot of work to construct their systems of honesty and trustfulness with the supervision of related department of government. They focus more on providing safe and reliable products, services and its related information. Besides, Chinese companies pay providers on time by large. With the deepening of marketization of China’s economy, Chinese companies pay more attention to stick to the business rules in the market.

6.1.4 Community responsibility

Chinese companies generally have thin awareness in their community responsibility. A large number of small and medium-sized companies are in the process of capital accumulation and are not willing to contribute their capital and human resources to it.

6.2 Conclusion for Thai companies

6.2.1. Responsibilities for employees’ benefits

Thai companies have related policies to guide their employee to have long-term career planning. However, much discrimination exists in workplace and recruitment of staff like gender. Therefore, there is much room for improvement in this aspect.
Additionally, that how Thai companies treat their employees more or less depends on employers’ attitudes and preferences, which explains its lack of consistency. Another point is that due to the tradition of “conflict avoidance”, Thai employees usually hold their tongues when treated unfairly by companies, which puts no pressure on companies in terms of formulating related policies.

6.2.2. Environmental issues

Holding the Buddhistic belief that “As a man sows, so he shall reap”, Thai companies could protect the natural environment well (do not want to be revenged by nature). Additionally, in order to maintain good relationship with local communities, Thai companies have no intention to create any negative impact either. On the other hand, the input into the environmental protection does not bring about obvious economic benefits, the same problem with China. One possible cause is that the cost of related technology is higher than the economic return.

6.2.3. Market obligation

The construction and implementation of the system of honesty and trustfulness within Thai companies are pretty good. Yet, there are two shortcomings: 1. the phenomenon of exaggerating and fabricating the efficacy of products exists; 2. companies do not pay providers on time, which reflects providers’ disadvantaged position in the Thai market. One issue that Thai companies do pretty well is that they have quite smooth communication channel with other stakeholders by which they try to help solve their problems.

6.2.4. Community responsibility

Thai companies have generally performed the community responsibility quite well. They have a long history of helping construct the local community. And the spirit of “give” has been embodied on the large amounts of donations and sponsorship by them.
On the other hand, due to the dispersed configuration of Thai industrial chains, Thai companies usually have to purchase across communities, which not only brings about inconvenience for companies, but also reduces the number of purchase order for local communities.

6.3 Comparison and Suggestions

Thai companies protect their employees’ benefits better than their Chinese counterparts. Also, they do much better in terms of energy-saving and environmental protection than Chinese companies. To the extent that how companies in these two countries fulfill their marketplace obligation, they perform as well as each other. In the aspect of community responsibility, Thai companies do much better than Chinese ones. In short, although in some specific areas of CSR, Chinese companies perform relatively better, generally speaking, Thai companies have better awareness of CSR and carry out it better. Below are some suggestions according to the CSR practices in both countries

Both Thai and Chinese government and industrial associations could formulate related policies to eliminate the occurrences of discrimination in recruitment and workplace. Besides, Thai employees should enhance the awareness of protecting their own rights and strive to guarantee their own benefits.

Chinese government should stiffen the penalties over companies which pollute illegally and on the other hand strengthen regular scrutiny over the products in R&D process, ensuring the quality of products and the controlment of pollutions. Additionally, both governments can try to give favorable policies or directly subsidy those which protect the environment and save the energy well.

Thai companies should stick to the business rules and pay the providers on time. Thai government could strengthen the censoring of products before they flow into market.
Besides, if Thai companies are able to convert their CSR awareness into the form of related policies, it will help them carry out it better and more consistently.
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Internet source


# LIST OF APPENDIX (Survey)

**Survey of the Consciousness and Conditions of Corporate Social Responsibility (CSR)**

## Part 1. – The responsibility of employees’ benefits.

*(Single Choice)*

*(N/A means “Not Accord with the real situation in my company, so I can’t answer it”)*

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>Sometimes</th>
<th>No</th>
<th>I don’t know</th>
<th>N/A</th>
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</thead>
<tbody>
<tr>
<td>11. Does your company encourage the employees to make long-term career plan? (e.g.: to help them formulate the career development path through training or performance assessment)?</td>
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<tr>
<td>12. When hiring the employees, does your company have related measures which prevent the occurrence of discrimination (e.g.: sexual and the disabled discrimination)?</td>
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<tr>
<td>13. In working time, does your company have related measures which prevent the occurrence of discrimination (e.g.: sexual and the disabled discrimination)?</td>
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<tr>
<td>14. Does the top management in your company listen to the employees when making important decisions (e.g.: ones related to the company strategies and policies)?</td>
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<td>15. Does your company have sufficient measures which could protect the employees’ health, security and other well beings?</td>
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<td>16. Does your company advocate the balance between the work and leisure (e.g.: the flexible working hours was introduced)?</td>
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## Part 2. – Environmental issues.

*(Single Choice)*

*(N/A means “Not Accord with the real situation in my company, so I can’t answer it”)*

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>Sometimes</th>
<th>No</th>
<th>I don’t know</th>
<th>N/A</th>
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<tbody>
<tr>
<td>17. Does your company make effort on these</td>
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</table>
### Part 2 - Corporate Responsibility

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<tr>
<th>Dimension</th>
<th>Yes</th>
<th>Some times</th>
<th>No</th>
<th>I don’t know</th>
<th>N/A</th>
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<tbody>
<tr>
<td>18. Does your company save the capital while reducing pollutants emission and saving energy?</td>
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<td>19. Does your company take into consideration the potential influence to the environment while devising new products and services?</td>
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<tr>
<td>20. Does your company provide accurate environment related information of the products and services to the customers, providers, and the local community?</td>
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<tr>
<td>21. Does your company see the ability of environment protection as sort of competitive advantage when providing products and services (e.g.: energy conservation and reusability for products)?</td>
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</tbody>
</table>

### Part 3 - Market Obligation

*Single Choice*

(N/A means “Not Accord with the real situation in my company, so I can’t answer it”)

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>Some times</th>
<th>No</th>
<th>I don’t know</th>
<th>N/A</th>
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</thead>
<tbody>
<tr>
<td>22. In the aspects of contract, transaction, and advertisement, does your company have the related policies which make sure its trustfulness and honesty. (e.g.: policies of fair procurement and consumer rights protection, etc)?</td>
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<tr>
<td>23. Does your company provide the accurate information of products and services about the after-sale service alike?</td>
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<tr>
<td>24. Does your company pay the providers for the goods on time?</td>
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<tr>
<td>25. Is there any channel where your company could communicate with the consumers, providers and other stakeholders (e.g.: channel to get feedback)?</td>
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<tr>
<td>26. Does your company keep a record of customers and</td>
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</tbody>
</table>
providers’ complaints and give the solutions accordingly?

27. Does your company cooperate with other companies or organizations in terms of solving the problems and improve the operation conditions within industry?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>Sometimes</th>
<th>No</th>
<th>I don’t know</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>28. Does your company provide some sort of opportunities like training for the local residences? (e.g.: to provide training for the youth and disabled)?</td>
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<tr>
<td>29. Does your company communicate with the local community on some sensitive and controversial topics in which the company by itself involves?</td>
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<tr>
<td>30. Does your company purchase in community?</td>
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<tr>
<td>31. Does your company encourage the employees to participate in or organize events in the local community (e.g.: to provide sufficient professional guidance)?</td>
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<tr>
<td>32. Does your company sponsor the events regularly in community (e.g.: donations or sponsorships)?</td>
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</table>

Part4. – Community responsibility.

(Single Choice)

(N/A means “Not Accord with the real situation in my company, so I can’t answer it”)

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>Sometimes</th>
<th>No</th>
<th>I don’t know</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>33. Does your company have definite value preference and rules of conduct?</td>
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<tr>
<td>34. Does your company convey its corporate value to the customers, business partners, providers and other stakeholders (e.g.: to do that during the sales, marketing or other non-official occasions)?</td>
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<tr>
<td>35. Do customers know the value orientation and rules</td>
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</tbody>
</table>

82
36. Do employees know the value orientation and rules of conduct in your companies?

37. Does your company have trainings for the employees to let them know the value preference and rules of conduct in company

Thank you for your warm participation! All the best with you!
Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.