

# Corporate Social Responsibility Management of the Selected Industries in Maptaphut Area, Rayong province

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**Abstract:** *Maptaphut, Rayong province is the prime area of industries and tourism, before the industrial era, the local people had lived peacefully and happily, the industries had seriously affected the lives and living. However the industries has helped created the wealth of the country. Providing the alternative for better living for the local people should be the right direction. This qualitative research are to explore the CSR activities done in the selected industries in Maptaphut in the past 20 years as well as the current practices of the CSR activities, reasons for setting up the CSR policies, outcomes of the CSR practices performed by the industrial companies, and proposing guidelines for CSR practices for the industrials that benefit all parties. Constructivism (interpretivist) is the research paradigm in this study. The research participants were 21 people who were top management steering committees and operational personnel of industries with the total of seven persons, seven heads and the operational officers of the provincial units in Rayong, and seven of the community representatives comprising community leaders and community committee members with at least 5 years of work experience in CSR practices. Interview data and document reviews were integrated as data collection instruments to answer the research questions. Data was collected using both in-depth and semi –structured interview techniques. The result of manual coding reported 4 main themes and 16 sub-categories. This paper revealed past CSR practices, current CSR practices, and future CSR practice. The current practices of the CSR activities included: Health activities, Education activities, Socio-Economic activities, Community activities, and Environmental activities. The reasons selected industries set up the CSR policies were to comply with government policies and to support the communities who were environmentally affected by the operation of the industries. The study also proposed CSR management guidelines for Maptaphut in Rayong Province.*

**Keywords:** Corporate Social Responsibility Management, Maptaphut, Rayong, CSR, CSR practices, CSR activities

## Introduction

Thai Society organizations are expected to start all businesses with environmental awareness and focus more on good governance and social assistance, even more so various sectors have raised the matter in accordance with social and environmental responsibility in a variety of formats. In the business sector, many organizations have adopted environmental and social issues, integrated with core business operations this creates a positive difference to

the business, - increased sales, greater commitment to customers, the strength of the brand including the image of the organization and the trust of customers. While the government did not accept and deploy this concept readily some caring managers in developing countries accepted the concept of CSR must be the primary function of government and this is already resulting in the concept of good governance, getting more attention again, putting the CSR concept into practice in the public sector, including the Ministry of Industry. The Ministry of Industry has taken it upon themselves to promote the industrial implementation of the CSR concept to the growth and sustainable development of both companies and the Nation.

The researcher reviewed the literature and research that related to the study regarding the meaning of CSR and the concept of CSR. The researcher found it is essential to adopt CSR because today CSR is an important part of many business organizations. It is concerned with how a company tries to benefit all its stakeholder groups. Many companies today run businesses with CSR, especially big companies. They try to involve themselves in activities that will keep both the business and social environment sound.

### **Statement of the problem**

The Maptaphut area is a prime location in Rayong for a contractor in the implementation of industrial projects in connection with the use of natural gas as a raw material and other downstream industries as well as the countries heavy industry. When those plants were built and operated the people nearby were affected by air pollution (toxic smell) and various harmful heavy metals. The industries in the area responded to the problem with the provision of CSR activities. To make CSR answer to the needs and problems of the people in the area, there should be a comprehensive study on the CSR practices of the industries in the area. The researcher, as a local people, has been interested in resolving the problems of the people in the area by the CSR practices of those industries in the area to find the solution to the problem of development, specifically through CSR

### **Research objectives**

The objectives of this research are to explore what the selected industries in Maptaphut have done in the past years in terms of CSR activities, what are the current practices of the CSR activities performed by the selected industries, what are the reasons that selected industries set up the CSR policy, how effective are the outcomes of the CSR practices performed by the selected industries and what could be guidelines for CSR practices for the industries that will benefit all parties.

### **Research questions**

1. What have the selected industries done in the past years in terms of CSR activities?
2. What are the current practices of the CSR activities performed by the selected industries?
3. What are the reasons that selected industries set up the CSR policy?
4. How effective are the outcomes of the CSR practices performed by the selected industries?
5. What could be the guidelines for CSR practices for the industries that will benefit all parties?

## Literature Review

### CSR definitions and its history

The World Bank Council for Sustainable Development (1999) defined that “Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large”.

Thaipat Institute (2015) provided the meaning of CSR that it is the activities inside and outside of the organization, taking into account the impact on society, both near and far with the use of existing resources in the enterprise or from external resources in order to make all people live together in a peaceful society.

Viriyasiri (2012) provides the meaning of CSR that it means thinking, speaking and acting which covers planning, decision making, communication, public relations, Management and operation of the organization

The European Commission has put forward a simpler definition of CSR as “the responsibility of enterprises for their impacts on society” and outlines what an enterprise should do to meet that responsibility (European Commission, 2011).

CSR definition by ISO 26000 The responsibility of an organization for the impacts of its decision and activities on society and the environment, through transparency and ethical behavior that:

- Contributes to sustainable development ,including health and welfare of society
- Takes into account the expectations of stakeholders
- Is in compliance with applicable law and consistent with international norms of behavior
- Is integrated throughout the organization and practices in its relationships (ISO 26000, 2012)

### The importance of CSR

In Thailand the concept of CSR has emerged with the establishment of businesses in Thailand for a long time. In the form of philanthropic donations to charity or voluntary collective work which called the guest as the most important person. At that time, Thailand didn't realize such kind actions for the community constituted CSR. However, CSR in Thailand was sparked by a solid year in 2006 and was adopted as a practice that is integrated into the business. Whilst, in addition, carrying out its social responsibility in a way that is outside of business processes, such as donations or volunteering, just as in the past.

When considering the relationship of the growth and sustainability of the organization with skilled Human Resources being created, we can see that CSR painlessly became the norm for many companies and organizations. Businesses grew. From the development organization to a “modest” one which in a while grew to develop a good organization grasping the cause of sustainability of the business (Narin, 2009).

The benefits of CSR: The ability to have positive impact in the community. It supports public value outcomes, public value is about the value that an organization contributes to society. It supports being an employer of choice. It encourages both professional and personal development, providing employees with the opportunity to be involved in a company's socially responsible activities. It enhances relationships with clients (Muir, 2015).

Ochieng (2016) suggested that CSR can benefit an organization in many ways, such as; Triple bottom line, “People, planet and profit”. Human resources, a well thought through CSR program can be an aid to recruitment and retention particularly within the competitive graduate student market. Potential recruits often consider a firm's CSR policy. CSR can also help improve the perception of a company among its staff, particularly when staff can

become involved through payroll giving, fundraising activities or community volunteering; The ability to have a positive impact in the community; Media interest/coverage and good reputation; Enhancing your influence in the industry; Enhanced relationship with stakeholders.

### **The concept of CSR management**

CSR is a general management concern; that is, it is important to all aspects of the business, and it is integrated into a corporation's operations through its values, culture, decision making, strategy, and reporting mechanisms. CSR is to fulfill the promise of the company's ongoing business operations using the basic ethical considerations as a tool for economic development coupled together with improving the quality of work life and the quality of the local communities including society as a whole. CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large (WBCSD, 1999). Ochieng (2016) whilst mentioning CSR benefits that CSR is also referred to as corporate conscience, corporate citizenship, corporate governance or responsible business.

The management of CSR issues greatly challenges firms' traditional shareholder-focused, profit-centric philosophy, and drives them to pursue new principles and strategies for long-term sustainable development (Bansal, 2005).

## **Research Method and Data Collection**

The research paradigm is a constructivist that leads to the use of a qualitative research design. The researcher has used phenomenology as a research strategy, the reason to use the phenomenology strategy is that the context in the study is about the experiences of individuals about a phenomenon as described by participants. This description culminates in the essence of the experiences for several individuals who have all experienced in the phenomenon -- the CSR. The research instrument is the in-depth interview and document analysis the researcher has collected the data through the series of in-depth interview plus some part of document analysis to answer all the research questions. The document analysis was done to answer research question number one and two in the part of policy, objectives and practice of the CSR the companies have done.

### **Research Participants**

The participant's selection was based on the following criteria 1) He or she should be leadership or practitioners and had minimum five years' experience in the field of CSR activities. 2) They have been still working in local government or industries or still living in communities around Maphaphut area. 3) They should be willing to be the researcher's participants. The selected industries referred to petro-chemical industry, chemical industry and electrical industry.

The researcher had interviewed 21 people who were: 7 Top management, steering committee members and operational personnel of the industries, 7 heads and the operational officers of the provincial office in Rayong, and 7 of the community representatives comprising community leaders and community committee members.

### **Data collection**

The researcher has collected the data mainly with the in-depth interview with 18 participants with the following steps: 1. **Gaining access to the participants**, the researcher

had got permission from the selected companies to interview the participants and made sure of the understanding of the participant in the topic to be interviewed: **2. Conducting interview**, the researcher had prepared himself and the interview site. Most of the interview sites were the office of the participants. During the interview, audio recording was made with the permission of the interviewees, together with researcher short memos. The recording took around 90 minutes for each interview: **3. Closing the interview**, at the end of the interview the researcher allowed the interviewees to express their feeling toward the topic to see any more information on the topic and also to resolve any conflicting argument possibly arise from the interview.

## Data analysis

The qualitative data analysis was conducted to analyze the collected data. The process of the data analysis started from data management. The researcher has managed the data by transcribing the recorded audio data to a written transcription. The researcher transferred raw data from field notes, all field notes were typed, taped interviews were transcribed into Thai language and all documents and data that were hand written and were prepared for analysis and interpretation, the researcher had conducted the data cleaning before doing the data analysis. The data analysis consisted of 4 steps as follows: step1 data preparation, the researcher had made the transcription in to a line by line typing 2.data exploration, the researcher had read the transcription several time to get the assent of the transcription then make initial coding out of the line by line transcription, the total of the initial codes were 520 codes 3 data reduction, the researcher had merged the several codes in to the new code names, the 160 new codes emerged. The researcher had categorized those codes in to 16 categories to answer the four research they were: Past CSR practices, Current CSR practices, Future CSR practices, Health activities, Education activities, Socio Economic activities, Community activities, Environmental activities, Health activities, Education activities, Socio Economic activities, Community activities, Environmental activities, Individual outcomes, Company outcomes, Community outcomes. The fourth step is the interpretation of the analysis.

### Rigor, trustworthiness and ethical issues

To assure the rigor and trustworthiness, the researcher had done the following activities: 1. Writing a reflexive journal during data collection and consult the note during the data analysis. 2. Making an audit trail, the researcher had check with the interviewees concerning the results of the data analysis to make sure that the data analysis and the interpretation were true according to them. 3 The triangulation, the researcher had collected the data from different sources, the company's representatives, the local people and the government offices at the research site.

For the ethical issues the researcher has informed the interviewees that they can refuse to answer any question and is free to leave the interview at any time. They were also inform that the name of the interviewees and the data would be kept secret. The data will be used for the research purpose only.

## Research Results and Discussions

### Response to research question one

*"What have the selected industries done in the past years in terms of CSR activities?"*

The study shows that the first stage of CSR aggregation is a general CSR based on four human basic factors: health, education, society, and economy.

The operation of CSR in the past was quite proactive, and it was more like learning about CSR.

Despite working with CSR covered in several areas, the number of operators to work it were insufficient. Therefore, CSR was not fully covered in some communities.

“CSR in the past was more like providing or donating. In other words, there would be a company giving support when the community is in a trouble. It was not a proactive CSR.” (P2)

The operation of CSR in the past was more like granting or donating. It means that when communities were encountering any problems, there would be some organizations granting some immediate help. Later on, the operation was more improved, focusing on strategic operations to be beneficial for both sides. Communities were able to be more independent, and meanwhile organizations were able to exceed their abilities. However, cooperating in CSR these days might be called a trend. Some industries that need to enhance themselves to be Green Operations must operate their strategies and goals which are the cores of CSR. The next key is to create Beyond CSR which means to cooperate in CSR by enhancing the living and life quality in communities with the development of health, education, and society (communities' economy and building trust). Next, it is to apply knowledge, technology, and environmental management from the industrial sector by transferring it to communities including developing and promoting communities to be a role model of eco – communities in their own area. Coordinating and promoting developing the potential of communities to be stronger and also communication means the way of communication between communities and factories to become an eco – industries city. Creating certain activities and inviting everyone to be part of these will be more remembered. Creating the understanding of living together among communities and industries will be another part of communication through organizations' activities to take responsibility for the image of industrial factories as a part of being environmental, healthy, and social issues.

“Nowadays, the industrial industry has paid more importance about hygiene, environmental safety, and health security.” (P1).

CSR in the future will still be based on basic human factors. It will be looked at in a dimension of creative development in the positive tripod: environment, society, and economy. These have been partially done, and will be extended more in the future. With integration of all divisions, it will be developed and also learned to strengthen good communities and economies, within good surroundings.

“In the future, what we think would benefit CSR in other activities in Rayong might be happening soon. What we are discussing and concluding is creative development of the tripod role which aims at the environment, social and economy. We are developing them to be more sustainable by driving creative development through Company P”. (P10)

The result of this study is congruent with Shanmugam (2013) who suggested that CSR is a company's commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interests of diverse stakeholders.

### **Responses to research question two**

***“What are the current practices of the CSR activities performed by the selected industries?”***

The study shows that CSR activities are divided into five activities including Health activities, Education activities, Socio Economic activities, Community activities, and Environmental activities.

For Health Activities, CSR Activities have covered all four dimensions: health promotion, protection, medication, and recovery by focusing on being a proactive operation for the good health of people through different activities. In the aspect of Health Promotion, for example, the Safe Food Project. It will be promoted by holding a campaign and imposed as a policy. Also, the activities for developing young children will be promoted.

In the aspect of educational activities, there are both short – term and long – term activities. Short – term activities, for example, granting a scholarship to people in the community to further their education in both general and vocational education as well as in bachelor degree to work in Rayong, and holding an education fair or activity. Long – term activities, for example, developing students, teachers, parents, and communities getting funding from both the government and private sectors.

“We, Company C, conducts an activity about Executive Function from the community, parents and child developing teachers. In Maptaphut and Ban Chang, Executive Function is an activity that is about education. From the training, we started from small children by having a systemic studying method, modern medium, for children to think and plan as well as have fun with games.” (P8)

In the economic aspect, it focuses on the communities’ incomes. They are supposed to be independent by learning more and producing products in their communities. There are groups of batik, tie –dyed fabric and community enterprises supported by several organizations. They give a package of support including patterns, and the appearance of products which is important to add more product value. Moreover, there is a Green Market inside industries where communities are able to bring their products to sell. By doing so, the customers and communities will be both gainful and profitable.

In the CSR operation, there are operators joining the activities in communities by building a relationship with the community. They are divided into two groups: Community Relations Team and Communication Team. They must perform their duties: creating recognition and how to make communities get certain information as fast as possible. In addition, there is an information job that provides news and information people need to know, by focusing on the social dimension. The organization’s activity that makes community, government and private sectors live happily and sustainably will be promoted as Beyond CSR.

The environmental activities are the main concern of the companies, particularly the activities that eliminate the environmental affect to the community. This result is consistent with (Pirsch et al., 2007), who stated that the conceptual scope of CSR could be elaborated as follows: environmental protection, community involvement, business standards, and health promotion.

### **Responses to research question three**

#### ***“What are the reasons for the selected industries setting up a CSR policy?”***

Companies have a variety of reasons for being attentive to CSR. Most business decisions involve social and environmental issues. Increasing interest in CSR has arisen from both within and outside the corporate sector. Companies have faced external pressures from non-governmental organizations to provide greater transparency and accountability, especially in the areas of environmental impact and human rights. Alongside these movements,

governments have proposed changes to the means of support for the provision of social services including an emphasis on increased collaboration with the corporate sector through alliances and partnerships.

The result of this study is consistent with the assertion of Carroll and Buchholz (2011) who stated that CSR includes economic, legal, ethical, and philanthropic expectations placed on businesses by society. Other scholars argue that business has some obligations and responsibilities towards society; hence, they should do something for the benefit and welfare of society (Gifford & Kestler, 2008).

#### **Responses to research question four**

##### ***“How effective are the outcomes of the CSR practices performed by the selected industries?”***

At the individual level, the study shows that people get health benefits through some health activities. They are serviced and receive medication at an early stage much faster including health screening. When some diseases are found, people will be suddenly cured by healthcare volunteers in communities as a core mechanism to drive. Also, in the aspect of education, people are more educated, trained by skilled and experienced people. They have gained more incomes by developing community's products that they have learned from each of the activities. That has created a better potential and awareness in people. Most importantly, people are allowed to help others by utilizing their advice. At the community level, there is a gathering of community enterprises which leads to standardized products to be authorized by OTOP supported by government, private, and educational sectors. In the aspect of public health, it has been involved in community health services, and also developed everybody to be self – care, self - aware and health conscious. In addition, there is a learning center to share information to other sectors or people who are interested in exchanging their ideas, and it might be beneficial to other communities to further the knowledge they have already learned. In the aspect of granting scholarships, it finds that students who have been granted nursing scholarship, some will go back to their hometown to refund, and some might want to go to another area.

What organizations have been given is cooperation in CSR these days, supported by government, private and citizen sectors which leads to several networks arising nowadays. It is much different from the past when CSR was being operated based on basic human factors. Therefore, the form of cooperating in CSR now and in the future must be given importance about integration in order to be more sustainable. At the same time, organizations could get themselves standardized and step up to become another ECO – INDUSTRY.

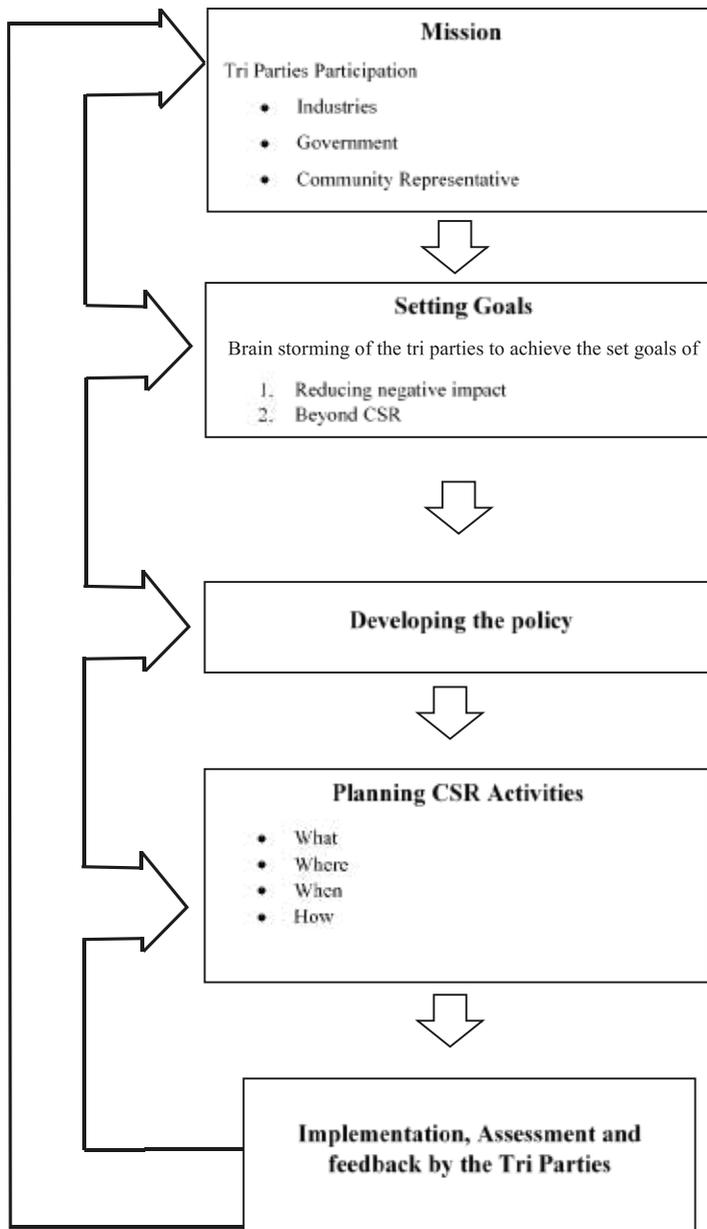
The result of this study is consistent with Hawkins (2006) who viewed the benefits outside profitability are good health and safety supporting efficiency, environmental consideration supporting community commitment, and responsible management providing investor confidence. Altogether CSR fulfils all three bottom lines of business; people, planet and profit. This report documents some of the potential bottom line benefits: reducing cost and risk, gaining competitive advantage, developing and maintaining legitimacy and reputational capital, and achieving win-win outcomes through synergistic value creation (Carroll & Shabana, 2010).

Acts of CSR should, for example, increase identification and commitment to the organization, organizational citizenship behaviors, and meaningfulness of work (Ellemers, Kingma, van de Burgt, & Barreto, 2011; Rodrigo & Arenas, 2008). CSR should also enhance a firms' ability to attract and keep top talent (Albinger & Freeman, 2000). The body of

empirical evidence indicates that CSR is positively associated with a firm’s reputation and financial performance (e.g.; Pelozo, 2009; Chernev & Blair, 2015), which has led many in the field to endorse the notion that CSR benefits firms.

**5.2.5 Responses to research question five “What could be the guidelines for CSR practices for the selected industries that can benefit all parties?”**

The proposed CSR model



## Implication of CSR practice for company

Conducting the CSR which can be beneficial to the companies in terms of gaining competitive advantage. It is the advantage of differentiating products and services by designing products and services to be environmentally friendly. By doing so, the organization needs to strengthen their products and cheapen the cost of maintenance. In addition sending employees to join the activities in communities has revealed the problems and knowing the needs of people in communities which can be used as an approach to set a strategy and improve the direction of setting a target which is right for the community. It can also make more opportunity for the community to accept the organization's products and services.

### Implication of CSR for the community.

The advantage of CSR in building careers to increase more incomes of people in the community by coordinating with industrial factory, local sector, and community has enabled the community to be more independent. For example, the professionals and local enterprises development project lets the community have an opportunity to see other successful local enterprises as a role model. Moreover, the community will be trained on how to manage, calculate, package, and develop their products to be promoted as an OTOP at provincial and national levels, including doing marketing and public relations.

## Recommendations for future research

First, since this research had studied with 21 participants from selected industries local government and community in Maptaphut only. The researcher recommends further study to do quantitative research, or mixed-methods research to confirm the real beneficial practice of CSR to all other companies operating in Rayong. Also, this result takes place only in Maptaphut, it is opened up for researchers to study in other areas of Thailand.

Second, the researcher has proposed the guideline for CSR practice that hopefully can be implement elsewhere, the researcher suggested that there should be a study to implement the suggested guideline so see the possibility and the effectiveness of the guideline model

Third, this research was conducted in Rayong, Thailand, where the results were the viewpoints and experiences from Thai people. So, the researcher recommends further study in different contexts to compare with different cultures and norms.

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