



ROLE OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN CORPORATE SECTOR OF INDIA AND THAILAND: A COMPARATIVE STUDY

KEYWORDS

CSR, Corporate Sector, Stakeholder

Ajit Singh

Research Scholar, Faculty of Management, Pacific Academy of Higher Education and Research University, Udaipur (Rajasthan) India

Hitendra Bargal

Professor, Patel Group of Institutions, 216, Usha Nagar, Main Road, Indore (MP) 452009 India,

Priyanka Chawla

Assistant Professor, Acropolis Group, Indore (MP) India

ABSTRACT

Today's era of Globalization the concept of CSR has gone beyond charity, it has become the integral part of business strategy as a win-win condition for the corporate sector and stakeholders. This study is exploratory in nature and is based on secondary data, collected through reports of corporate sector of India and Thailand. For analysis case study method has been applied. It has been found that corporate sector of India and Thailand had started accepting CSR as major component of business and is not just there for making money and this is evident through their involvement in various community developmental activities. In this context, this paper scrutinizes corporate spending on CSR activities and the problems faced by corporate sector in India and Thailand. Also problems of bureaucratic procrastinating mindset, Corruption, Lack of awareness about CSR and so on are coming in the way of adopting CSR measures in India and Thailand

INTRODUCTION

In the era of Globalization, business enterprises are free and there is no restriction on export and import of goods and services. The majority of multinational companies across national boundaries show the way to society and government to demand responsibility and transparency from international business. Business has responsibilities toward market driver's as well as social drivers. Market drivers are employees, consumers, competitors, investors and business partners. Social drivers are NGOs, media, government etc. In developed countries, business does not only accepting CSR activities but also put effort to integrate CSR in their business operations. But the scenario is quite different in developing countries. There is a growing gap between rich and poor, environmental derivation, shortage of energy, extensive corruption where business face pressure to react with corporate responsibility. Intense competition for global resources and financial crises Lack of awareness on the part of stakeholders towards social responsibilities makes the activities of CSR at initial stage. Corporate social responsibility is an activity of organization towards its society, employees, customers, suppliers, environment, shareholders and communities so as to improve quality of life in particular or as a whole. Various aspects of CSR are practised in Thailand by both Thai and foreign firms. The Western notion of CSR has come through the efforts of foreign firms that have implemented activities aligned with their business strategies in ways similar to those used elsewhere in international operations. For example, Nike, Coca Cola and Pepsi, whose products appeal to youth, have focused on youthful activities like sport and music (Wedel 2007).

According to provisions of Companies Act, 2013, every company is required to expend at least 2% of average net profit in financial year during the three immediately preceding Financial Years.

It is mandatory for the Company to spend minimum of Rs 10 Lakhs on CSR activities for the Financial Year 2014-2015.

However, company can spend voluntary Rs. 25 lakhs on CSR during financial year 2014-15.

CSR a cultural identity, such as the danwei in China; the Gandhian notion of "trusteeship" in India; the 17th century mercantilist responsibility as defined in the Shuchū Kiyaku in Japan; the concept of bayanihan in the Philippines; gotongroyong in Indonesia and the Buddhist dharma in Thailand.

CONCEPT OF CSR IN THAI

1. Royal Influence- In Thai, CSR practices is affected by respect and devotion. Thai people have for the monarch, The king and the royal projects and foundations were established in order to provide aid to poor having strong influence on the national development agenda (Vichit-Vadakan, 2002) resulted in CSR department in Royal foundation which is one of the largest development organization.

2. Buddhist influence- more than 95% of population is Bhuddist. Bhuddist belief influence CSR concept among Thai. Another strong influence to the CSR concept among the Thai is the Buddhist belief. The belief in law of Karma is deep rooted. It was found that increasing numbers of businesses are accepting Buddhist principles. ethical behaviour in business, economics and society more generally is the responsibility of individuals rather than of organizations.

CONCEPT OF CSR IN INDIA

The evolution of CSR in India is divided into 4 phases:

Phase 1: Charity and philanthropic nature during Industrialization: In this period CSR activities were influence by family values, religion, traditions etc. Industrialist spent some amount society setting up temple and religious institutions for the welfare of society and granaries for poor people at the time of drought. The pioneers like Tata, Birla, Godrej, Bajaj, promoted the concept of CSR by setting up charitable foundations, educational and healthcare institutions, and trusts for community development.

Phase 2: (1910 to 1960) this period aim to get Social development during independence and believes in Gandhian theory of trusteeship. In this period According to Mahatma Gandhi companies and industries is temple of modern. The competent industrialist share their wealth for the welfare of society and set up trust for colleges, training and research institutions for education and rural development.

Phase 3: (1950 to 1990) is characterized by concept of mixed economy with the emergence of PSUs (Public Sector Undertakings) to ensure better distribution of wealth in society. This period is described as an era of command and control.

Phase 4: (1980 ONWARDS) this era is characterised by globalized world. The policy of liberalisation, privatisation and globalisation (LPG), relaxed licensing system, led to a boom in the country's economic growth.

Under Schedule VII of the Companies Act, 2013 company contribution in CSR activities includes:

- promotion of health care; Promoting education; Promoting gender equality,
- Ensuring environmental sustainability, & ecological balance
- Protection of national heritage; Training to promote rural sports
- Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development of Backward Classes,
- Contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- Rural Development Projects.
- Contribute to Public charitable trusts and other Trusts carrying on philanthropic activities, promoting social welfare, creating housing solutions for the poor, running vocational training institutes, providing educational and healthcare support.

REVIEW OF LITERATURE

- **Trichackaphop (2006)** conducted an available broad-based consumer survey on CSR in Thailand. He researched CSR impacts on consumer behaviour and attitude based on 2005 data to find that 60% of respondents were willing to buy products or services even a higher prices of business that were socially responsible. CSR initiatives in Thailand mainly involve donations, social contributions and engagement with local communities (Yodprudtikan 2009).
- **Carol et al (2008)** concluded that the CSR initiatives can lead to first mover advantage He used resource-based view and the asymmetries approach of first-mover advantages to prove their research findings.
- **Jatana and Crowther (2008)** has thrown a light on myths of Corporate social responsibility, value addition, globalization perspectives on corporate governance, whistle blowing policies as Corporate social responsibility and other contemporary issues in Corporate social responsibility. In addition, it dealt with various case studies related to various industrial sectors insurance, private banking, SMEs, Information Technology, power generation sectors and companies like Ambuja cements, Coca-Cola. Some studies concluded that CSR exposure are low. In some studies Stakeholder Model, Neo Classical Model and Cross Cultural Theory were used while at another end case study or macro data to explain CSR. The present study compares the CSR activities in the context of India and Thailand.

- **Planken et al (2010)** investigated CSR platforms and the communication surrounding those platforms in India and established that the CSR platforms are typically used, together with stakeholder attitudes to both the form and content of those platforms.
- The report on comparative study in seven Asian countries on CSR of the top 500 companies in Thailand was made (Rajanakorn, 2012). Around 42% of companies reported on their CSR activities, with 24% reporting minimally, 62% providing medium coverage and 14% putting efforts. 71% of Thai companies made discussion on community involvement while 19% reported on production processes and 10% on employee relations

OBJECTIVE

- To compare the analysis of some companies of India and Thailand in terms of corporate social responsibilities.

METHODOLOGY

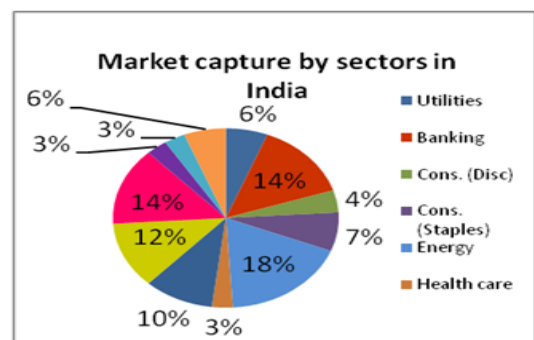
- The activities of CSR have become significant in today's business practices. If there is healthier society, business will succeed. After globalization the concept of Ethics increases in business. Data is collected from secondary source of information including annual reports, sustainability report, and corporate website.

ANALYSIS

India	Thailand
Companies Analysed: 56	Companies Analysed: 20
Country ASR™: 43%	Country ASR™: 40%
Country Ranking: 2nd	Country Ranking: 4th
Ranks 1st in General category	Top performer on ASR™ Governance category
1. Pt. Madan Mohan Malaviya Award for Best CSR Practices in Education – 2014, by CSR Times. 2. Recognition memento under FICCI Corporate Social Responsibility Award, by FICCI Aditya Birla CSR Centre for Excellence in 2014.	1. Corporate Social Responsibility Excellence Recognition 2014 by American Chamber of Commerce. 2. The Second Runner-Up of The Large NGO Category of Thailand NGO Awards.

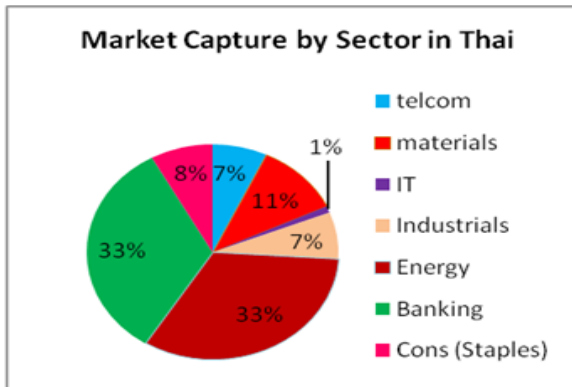
The Asian Sustainability Rating™ (ASR™) is an environment, social and governance (ESG) benchmarking tool launched in 2009 which was developed by Responsible Research and CSR Asia. It also examines information of the leading listed companies in ten Asian countries.

India's diverse company universe covers 11 of the 12 sectors of the ASR™ and also displays a broad mix of leaders and laggards in disclosure.



Source: Sustainability In Asia ESG Reporting Uncovered September 2010

It has been found that India is an IT leader covering 12% of its share while in Banking and material these sectors cover 14% of its shares respectively. While Energy comprises of 18%. The poor reporting standard is of the Health Care sector.



Source: Sustainability In Asia ESG Reporting Uncovered September 2010

In Thailand IT sector consisting of 1% of its share. Banking and Energy comprises of 33% showing the highest coverage.

The below table shows the ranking by ASR in different categories:

ASR by Category (India)	ASR by Category (Thailand)
General=41%	General=32%
Environment=33%	Environment=16%
Social-Total=42%	Social-Total=31%
Social-Employee=44%	Social-Employee=29%
Social-Customer=18%	Social-Customer=16%
Social Supplier=17%	Social Supplier=9%
Social-Community-71%	Social-Community-62%
Governance=55%	Governance=75%

Wipro and Dr. Reddy's are two leaders of ASR i.e IT and Health Care respectively. IT and Health care is performing well in General. ASR™ in India score lowest in two Real Estate companies. On the other hand, Siam cement with its strong reporting amongst Thai universe performing in general, environment social and govt. equally. PTPCL is also one of the leading companies in Thai outperforming in general category. The strong performance on social and environment categories reflect materiality. Governance scores strong across all sectors except industrials as shown in table.

**TABLE – 1A
LEADERS AND LAGGERS COMPANIES**

	Thailand			
	Leaders	Laggers		
Company	Siam Cement	PTTPCL	TMB Bank	CP Group
Sectors	material	Energy	Banking	Industrials
General	77	85	8	8
Environment	75	45	0	0
Social	72	72	3	19
Governance	76	80	68	0

Source: Sustainability In Asia ESG Reporting Uncovered September 2010

**TABLE – 1B
LEADERS AND LAGGERS COMPANIES**

	India			
	Leaders	Laggers		
Company	Wipro	Company	Wipro	Company
Sectors	IT	Sectors	IT	Sectors
General	100	General	100	General
Environment	90	Environment	90	Environment
Social	78	Social	78	Social
Governance	76	Governance	76	Governance

Source: Sustainability In Asia ESG Reporting Uncovered September 2010

CONCLUSION

The main aim of business activities is to focus on generation of profit; CSR was not a popular concern among companies. But in recent years with increased media attention, globalization, forces from NGOs every business practices from India and Thailand become more diverted towards performing social welfare activities. Business has responsibility towards its society, nation, employee and world. For the survival, continuous growth and sustainable development of company, effective CSR activities should be implemented. Every business has adopted its own culture. In Thailand there are some supportive factors like belief system, the cosmology, traditional ways of life and culture at psychological level such as the love and loyalty towards the monarch which develop the awareness and practices of CSR. The corporate are required to maintain a balance between the society, environment and business growth in order to achieve growth and success.

REFERENCES:

- [1] Carol-Ann, Sirsly, T. and Kai L. (2008), "When does a Corporate Social Responsibility initiative provide a first mover advantage"? Business and society, pp.343-369.
- [2] Jatana, R. and Growther, D. (2008), "Corporate Social Responsibility- Theory and Practice with Case Studies". Deep and Deep Publications Pvt. Ltd., New Delhi.
- [3] Kapelus, P. (2002). 'Mining, Corporate Social Responsibility and the Case of Rio Tinto, Richards Bay Minerals and the Mbonambi'. Journal of Business Ethics, 39: 275-96.
- [4] Planken, B. Sahu, S., Nickerson, C. (2010), "Corporate Social Responsibility Communication in the Indian Context". Journal of Indian Business Research, Vol. 2, No. 1.
- [5] Rajanakorn, N. (2012). Examining Corporate Social Responsibility in Thailand: A View from Thai Companies, Doctoral Dissertations.
- [6] Trichackaphop, P. (2006), 'Bangkok consumers do care about corporate citizenship', Thai American Business, vol. 1, pp. 26-7.
- [7] Rajanakorn, N. (2012). "Examining corporate social responsibility in Thailand: a view from Thai companies. Communication and Information. Knoxville, University of Tennessee.
- [8] Asian Sustainability Report, accessed on 02 Feb. 2016.
- [9] Thai Impex Private Limited accessed on 15 Jan 2016.