

LOCALIZATION OF CORPORATE SOCIAL RESPONSIBILITY STRATEGY OF KOREAN
MULTINATIONAL CORPORATIONS IN SOUTHEAST ASIA: A COMPARATIVE STUDY OF
THAILAND AND VIETNAM

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จี ฮุน บัง : การปรับกลยุทธ์ความรับผิดชอบต่อสังคมของบริษัทข้ามชาติเกาหลีให้เข้ากับสภาพท้องถิ่นในเอเชียตะวันออกเฉียงใต้: การศึกษาเปรียบเทียบประเทศไทยและประเทศเวียดนาม (LOCALIZATION OF CORPORATE SOCIAL RESPONSIBILITY STRATEGY OF KOREAN MULTINATIONAL CORPORATIONS IN SOUTHEAST ASIA: A COMPARATIVE STUDY OF THAILAND AND VIETNAM) อ.ที่ปรึกษาวิทยานิพนธ์หลัก: ทรายแก้ว ทิพากร, อ.ที่ปรึกษาวิทยานิพนธ์ร่วม: สมพร กมลศิริพิชัยพร, 120 หน้า.

การศึกษานี้มุ่งหวังที่จะศึกษาว่าสภาพแวดล้อมในท้องถิ่นนั้นมีอิทธิพลต่อกลยุทธ์ความรับผิดชอบต่อสังคมของ บริษัทข้ามชาติเกาหลีที่ดำเนินงานอยู่ในภูมิภาคเอเชียตะวันออกเฉียงใต้

การสัมภาษณ์เชิงลึกได้ดำเนินการกับผู้บริหารของ บริษัทข้ามชาติเกาหลี 5 แห่งที่ดำเนินงานในประเทศไทยและประเทศเวียดนาม ผลการวิจัยพบว่า บริษัทที่สัมภาษณ์ทั้งหมดนั้นมีลักษณะทั่วไปของโครงสร้างความรับผิดชอบต่อสังคม (CSR) ที่อ่อนแอและมีวิธีการที่ไม่เป็นระบบ ภายใต้ข้อจำกัดขององค์กรเหล่านี้และสภาพแวดล้อมภายในประเทศที่แตกต่างกันระหว่างสองประเทศ มีผลต่อการพัฒนาโครงการความรับผิดชอบต่อสังคม (CSR) ของบริษัท บริษัทที่ได้เข้าสัมภาษณ์ในประเทศเวียดนามมีการทำ CSR เชิงกลยุทธ์ซึ่งตอบสนองต่อประเด็นทางสังคมและความต้องการของประเทศเจ้าบ้าน ภายใต้แรงกดดันที่มากขึ้นเกี่ยวกับความรับผิดชอบต่อสังคมจากสังคมเวียดนามเอง และยังมีปัจจัยภายนอกมากมายที่ส่งผลต่อการตัดสินใจเรื่องความรับผิดชอบต่อสังคมของบริษัท และบริษัทข้ามชาติเกาหลีในเวียดนามเหล่านี้ต่างก็ตระหนักว่ารัฐบาลท้องถิ่นเป็นจุดรวมของความสามัคคีและความร่วมมือเรื่องความรับผิดชอบต่อสังคม ในประเทศไทย บริษัทที่ให้สัมภาษณ์มองและยอมรับเรื่องความรับผิดชอบต่อสังคมเป็นส่วนหนึ่งของวัฒนธรรม ซึ่งอยู่บนพื้นฐานของความสมัครใจและการบริจาคเป็นหลัก ซึ่งความรับผิดชอบต่อสังคมเหล่านี้อาจไม่ได้มาจากอิทธิพลใดของสภาพแวดล้อมภายในประเทศ ดังนั้นกลยุทธ์ความรับผิดชอบต่อสังคมของบริษัทเหล่านี้ส่วนมากจะเป็นกรดำเนินการแบบเชิงรับ ซึ่งหมายความว่าในรูปแบบการทำกิจกรรมแบบครั้งเดียวหรือการทำบุญระยะสั้นๆ

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JI HYEON BANG: LOCALIZATION OF CORPORATE SOCIAL RESPONSIBILITY STRATEGY OF KOREAN MULTINATIONAL CORPORATIONS IN SOUTHEAST ASIA: A COMPARATIVE STUDY OF THAILAND AND VIETNAM. ADVISOR: SAIKAEW THIPAKORN, Ph.D., CO-ADVISOR: ASST. PROF. SOMPORN KAMOLSIRIPICHAIPORN, Ph.D., 120 pp.

This study aims to explore how the local environment influences Corporate Social Responsibility (CSR) of Korean Multinational Corporations (Korean MNCs) operating in Southeast Asia.

In-depth interviews were conducted with executives of five Korean MNCs operating in Thailand and Vietnam. All interviewed companies had the character of weak CSR structure and unsystematic CSR approach in common. Within these organizational limitations, different domestic environment between the two countries affected their CSR development. The interviewed companies in Vietnam performed strategic CSR, which responded to the social issues and the requirement of host country, under the greater pressure on CSR from the Vietnamese society. There were various external forces in CSR decision-making channel, and they recognized the local government as the object of solidarity and cooperation in CSR. In Thailand, the interviewed companies accepted CSR as a part of the culture, which is on voluntary basis and donation-centered, or did not receive any influence from the domestic environment. As a result, their CSR performance have been mostly 'responsive CSR', which means one-off event or short-term philanthropy.

Consequently, the result revealed that the different domestic factors, such as the government's policy, social pressure and culture regarding CSR, largely affect CSR strategy and activities of Korean MNCs in Thailand and Vietnam.

Field of Study: Southeast Asian Studies

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Student's Signature

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Chapter I

INTRODUCTION

1.1. Background

Since the world suffered from the effect following reckless and unsustainable development, the necessity of Corporate Social Responsibility (CSR) has been globally ascending. As big and global corporations have the strong influence in all sections of society, the level of responsibility they must take for the society and community has been on the debate. This idea, CSR has arguably become the most established notion in business and society research now (De Bakker, Groenewegen, and Den Hond 2005), with various names such as Corporate Responsibility, Corporate Citizenship, and Sustainability. Namely, it came from a lesson that corporates are increasingly causing a positive or negative effect on people and the society, following their business actions and decisions.

However, numerous claims exist whether CSR have made adequate contributions to the society, especially in developing countries where globalization, economic growth, investment and business activity are likely to have the most dramatic social and environmental impacts (WorldBank 2006). Chilwalo (2016) pointed out that due to the increased spheres of the operation from MNCs in the globalized world, 'the environment and local people bear the heaviest brunt', by their extracting natural or human resources in developing countries.

For example, Coca-Cola, which has been accused by numbers of NGOs for its ground water depletion in developing countries like Mexico and India. The company claimed that one of the important goals of its CSR is the 'water conservation'. Unfortunately, according to the working paper (Karnani 2014) revealed the different truth that, the actual effect of CSR (rainwater harvesting structure) did not respond to what the company insists, while the groundwater has been seriously consumed by the plant in India¹.

Such cases illustrate the irony of the current situation that developing countries have become the great stage of MNCs' CSR, but CSR activities have been designed without the perspective of the host countries. As a result, regarding 'MNCs' CSR in the developing country', skepticism has been visibly shown in the academic field, highlighting its negative effect as a mean of marketing (Jones, Comfort, and Hillier 2005) or the protector from criticism in the origin market (Barkemeyer 2007).

This criticism provides the basic reason why MNCs' CSR needs to be monitored and studied by the academic field. While the related studies have been scant, many scholars advised that concerns or priorities of host countries need to be incorporated in setting the agenda of MNCs' CSR (Utting 2003, Ward et al. 2007, Majumdar 2008,

¹ According to his paper, groundwater level in Kaladera (where Coca-Cola is one of the largest users of water source) has dropped significantly from 9 to 39 meters below ground in the last 20 years.

Dartey-Baah and Amponsah-Tawiah 2011, Amini 2015). Hence, the signification of 'localization' has grown in MNCs' CSR, as the proper direction for the sustainable development of both MNCs and host countries

1.2. Problem statement and Research Purposes

Among many MNCs in the world, the one from South Korea (Korea) operating in Southeast Asia is worthy of notice, as it has taken a deep interest in CSR. These days, the influence of Korean MNCs has been rapidly expanded in the region. According to the statistical data (Kim 2015), 1) the export from Korea to Southeast Asia has been greatly increased from 2007 to 2014, especially in Vietnam and Thailand², and 2) the investment to Southeast Asia showed a rising trend, as the second largest trade and investment destination for Korea (Figure 1). In addition, the Korean wave, the high popularity on Korean pop culture in Southeast Asia started from the early 2000s, has appeared to contribute on increasing cultural and economic influences in the region³. Because of its growing existence, it is also expected to carry out social responsibilities in the proper way. Nevertheless, a lack of CSR understanding of some Korean

² It announced that consumers in Thailand ranked the highest growth rate (49.5 %) in fashion / beauty goods, and Vietnam was the top consumer of electronic goods (26.8%).

³ The impact from the Korean wave in Southeast Asia, can be seen in the rapid sales increase of the Korean consumer products. Among Southeast Asia countries, the penetration of Korean companies has been accelerated, especially in Vietnam, Indonesia, Philippines, Thailand and Malaysia. (Tan 2016a)

corporations and its CSR violation cases in Southeast Asia, have been a matter of grave concern to the both Korean government and Korean MNCs. According to the Korean media (Yang 2016), a conflict has been ensued between Korean management and workers in Southeast Asia, by a wrong CSR perception of some corporations. Especially, in the manufacturing business, the low wages in Southeast Asia is the big attraction, thus there has been the view to consider CSR as the ‘additional cost’. A low level of CSR awareness has been the official background of ‘Overseas CSR Support’ program from 2011, established by the Korean Ministry of Foreign Affairs and Trade, focusing on awareness-raising, Public Relations and holding of CSR events, co-operated with the government of host countries (POSRI 2012). The effort for the ‘localization’ has been emphasized in ‘Global CSR Program’, which is the another CSR support project⁴, operating by Korea Trade-Investment Promotion Agency (KOTRA) (Lee 2013). Overseas CSR has been encouraged as the way of the official development assistance, through the collaboration with Korea International Cooperation Agency (KOICA), another governmental agency, for implementing the government's grant aid to developing countries.

⁴ It aimed at support overseas CSR responding to the social issue of host countries, especially in emerging countries, by the collaboration with the local government. See <https://www.kotra.or.kr/kh/about/KHKIEM220M.html> (in Korean).

ASEAN-KOREA TRADE 2014

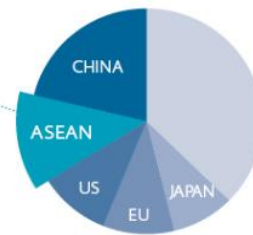
138 billion USD

2ND / 13%

Total 1 trillion 99 billion USD

ASEAN, Korea's second largest trading partner

1st	China	235.4 billion USD	21%
3rd	US	115.6 billion USD	11%
4th	EU	114.1 billion USD	10%
5th	Japan	86 billion USD	8%



FDI FROM KOREA TO ASEAN 2014

4.0 billion USD

2ND / 16%

(based on total invested amount)
Total 25 billion USD

ASEAN, Korea's second largest investment destination

1st	US	5.1 billion USD	20%
3rd	China	3 billion USD	12%



Figure 1: Size of economic cooperation between Southeast Asia (ASEAN) and Korea

(Source: ASEAN-KOREA CENTRE, www.aseankorea.org)

Despite a national concern, the development of Korean MNCs' CSR has showed a severe disproportion between countries in Southeast Asia. According to the survey regarding the global CSR of Korean MNCs (SpecialReportTeam 2014), Korean MNCs heavily focused on CSR in Vietnam; 44% of Korean MNCs are practicing CSR activities in Vietnam only. As many Korean MNCs like CJ, Samsung and POSCO have actively participated in CSR, Jung and Choi (2016) evaluated that it has implanted a positive image in the mind of the Vietnamese public. Recently, CJ's strategic CSR project in Vietnam has been nominated as the one of '7 World-Changing Companies to Watch', by the international magazine (Fortune) in 2016.

However, except a few countries such as Vietnam and Indonesia, Korean MNCs' CSR is unseen in the other countries of Southeast Asia. Thailand is a good example.

Although Korea has considered Thailand as the key base for the economic cooperation with Southeast Asia (KOTRA 2016a), Korean MNCs' CSR in Thailand has been surprisingly unknown.

It is difficult to conclude that the different number of Korean MNCs in each country of Southeast Asia is the only matter of CSR imbalance. As Jamali (2010) noted, CSR strategies of MNC subsidiaries are affected not only by the significance of subsidiary, but also by country-specific characteristics. However, in an academic field, there is still a dearth of identifying the different factors of CSR environment between countries in Southeast Asia, which business can actually refer to set their CSR strategies.

Therefore, this study has three objectives; 1) To examine practices and determinants of Corporate Social Responsibility of Korean MNCs, 2) To explore the local environment that influences Korean MNCs' CSR practices, and 3) To identify domestic factors that support localization of CSR, and obstacles.

1.3. Hypothesis and Research Questions

The hypothesis of the study is that localization in the CSR strategy is influenced by different domestic factors of the host country. As CSR is the communication between the business and the society it belongs to, it can be assumed that domestic factors

in each country has affected the different level of CSR development of Korean MNCs.

Research questions have been generated on the basis of the above hypothesis as follows:

- 1) What are CSR activities of Korean MNCs in Thailand and Vietnam?
- 2) How the local environment in Thailand and Vietnam motivated CSR practices of Korean MNCs?
- 3) Which domestic factors (legal policy, culture, environment, etc.) supported localization in strategies, and served as obstacles?

1.4. Research Methodology

1.4.1. Research Design

This thesis adopts a qualitative research approach. As a research method, the qualitative research is proper for finding about organizational functioning, social movements, cultural phenomena, and the process of interactions, which could not be identified by statistical procedures or other means of quantification (Strauss and Corbin 1990). Furthermore, it is appropriate to explore the new field, which requires the in-depth understanding of human behaviors and experiences (Edmondson and McManus 2007).

The purpose of this thesis is to identify factors that support or hinder CSR localization of Korean MNCs, through the process how the local environment influenced CSR

practices, with the examination of CSR practices and determinants. Despite the increasing interest in Korean MNCs' CSR and its localization as one of the important CSR performers in Thailand and Vietnam, it has been remained as the 'unexplored' status in the academic field. To grasp the interaction between the business strategy and the host country's environment, which is the new area in CSR study, a qualitative approach was chosen for the research.

Among the various methods in the qualitative approach, in-depth interview has been used to collect the data on CSR motivation, decision-making, the role of CSR environment in host countries. In-depth interview allows to obtain a deeper understanding of the research topic (Denzin and Lincoln 2005). It also helps to gain insight into informers' perceptions, opinions, experiences and attitudes (Boyce and Neale 2006). To enhance validity of the interview, basic data investigation has been done before the interview, which is reviewing the relevant document, report, and website regarding CSR policy, philosophy and practices of interviewees.

1.4.2. Research Area Selection

Thailand and Vietnam were selected as the focus country in this thesis, because of suitability for this research subject. Basically, both Thailand and Vietnam have representability in Southeast Asia. Their growth path in economy has become the role model to other Southeast Asian countries for national development. Now, Thailand and Vietnam have shared big concerns in the society - poverty alleviation in

the rural area, sustainability and environment protection -, after the similar process of the economic development, focusing on the manufacturing industry and economic investment from MNCs inclusive of Korean one. However, very little research on MNCs' CSR has been conducted, although MNCs have responsibility to erase social problems.

Above all, Korean MNCs in both countries showed a big difference in CSR development. In Vietnam, various CSR activities from Korean MNCs have been exposed. For instance, its CSR interest and outcome have been shared in the Vietnamese media by the annual Vietnam - Korea CSR award, which is mainly organized by the Ministry of Planning and Investment in Vietnam from 2011 (Vy 2016). On the other hand, Korean MNCs' CSR has been hardly seen in Thailand. The Korean Embassy in Thailand and the Korean-Thai Chamber of Commerce (KOCHAM Thai) held 'CSR forum' two times in each 2011 and 2013, for CSR promotion to Korean MNCs, then no more progress has been made. In this environment, more activities for social responsibility will be required to Korean MNCs in Thailand in the future, considering the current expansion to domestic consumer market, such as franchise, home shopping and e-commerce business (KOTRA 2016a).

It can be understood that the industrial difference between Korean MNCs of two countries is one of factors affected the distinct level of CSR development. So far, Korean MNCs in Thailand have concentrated on the electronics and steel industry, unlike the one in Vietnam which is widely spread in the domestic economy.

Nonetheless, influences by the host country and its interaction with CSR strategy still have worth to be clarified, as well. As the related research has not existed, this thesis chose Thailand and Vietnam, which contrasting level of CSR activities and localization of Korean MNCs have been seen in Southeast Asia.

1.4.3. In-depth Interview Structure and Process

1.4.3.1. Sampling

Five executives of Korean MNCs operating in Thailand and Vietnam have been invited for in-depth interview. CJ is a main object to make a comparison between Thailand and Vietnam, as it is the only one MNC operating in both countries among interviewees. The selected companies were from different industries, which are one integrated enterprise (CJ), one bank, one logistics company, and one manufacturer of electronic materials (Table 1). Interviewees were all Korean executives, who have directly accessed to CSR strategy and the decision making process.

Table 1. In-depth Interview Sample Profile

Company Type	Company Name	Location	Core Business	Job Title of Interviewees
MNC	CJ Thailand (GCJ)	Bangkok, Thailand	Home-shopping, Entertainment, Logistics	Fulfillment (Managing) Director
MNC	CJ Vietnam	Ho Chi Minh, Vietnam	Food, Home-shopping, Pharmaceuticals,	HR/PR Director

			Entertainment, Logistics	
MNC	Shin Shin	Rayong, Thailand	Manufacturing	Managing Director
MNC	Shinhan Bank	Ho Chi Minh, Vietnam	Finance	HR/PR Director
Foreign Investment Company	Phu Thanh Viet (PTV)	Ho Chi Minh, Vietnam	Logistics	Managing Director

The criteria of selection were reputation of CSR activities. Some companies have been awarded by the government of the host countries (CJ Vietnam, Shinhan Bank, PTV). Among them, the CSR case of CJ Vietnam has been reported as the successful localization by Fortune magazine. Others (CJ Thailand, Shin Shin) were recommended by a secretary general in KOCHAM Thailand, who has consistently observed the CSR programs of Korean MNCs for last five years.

For additional information, in-depth interview with the Korean Chamber of Commerce and Industry (KOCHAM) in both countries have been conducted, to investigate the overall activities of Korean MNCs' CSR (Table 2). These organizations have taken a role of the center to organize group CSR activities, as the private organization comprising of Korean businessmen. For instance, KOCHAM Thailand have regularly practiced CSR activities, by establishing a sisterhood relationship with the local foundation for social welfare, and delivering donated items from member companies to them. They have been in the position to easily comprehend the

general perception of their member companies, as they are doing ‘coordinator role’ in CSR activities, especially for small-medium enterprises (SMEs).

Table 2. Supportive Organization Profile

Organization Name	Location	Number of Members ⁵	Job title of Interviewee
The Korean-Thai Chamber of Commerce (KOCHAM Thai)	Bangkok, Thailand	267 companies in Thailand (90% of companies are from Korea)	Secretary General
The Korean Chamber of Commerce and Industry in HCMC	Ho Chi Minh, Vietnam	1,800 Korean companies in Vietnam	Secretary General

1.4.3.2. Data collection

The author contacted interviewees first by e-mail highlighting the aims of the research, and confirmed it by phone. Then, an in-depth interview was conducted in Korean in the interviewee’s office. From February to March, 2017, the interview has taken around an hour, and transcribed by the author.

The interview questions were total 16 questions (Appendix 1). It was designed by three dimensions (Table 3), which Jamali (2010) used for examinations of the level of

⁵ The numbers were based on the ‘registered member’ section in each organization’s website (www.korchamthai.com / kocham.kr, Accessed on 2-May, 2017).

MNCs' CSR localization. In addition, to have more flexibility and adaptability, semi-structured interview was used. This approach allows the interviewer to change the sequence or wording of questions during the interview, within a prepared interview guide. Therefore, it expects to create a deeper understanding of the research subject and to collect additional information from informants (Bryman 2015).

Table 3. Three CSR dimensions examined (Source: Jamali 2010, edited by the author)

Overall dimension	Most relevant questions
CSR motivations	Questions relating to principles motivating CSR; organizational CSR definitions, important stakeholders, goals and benefits anticipated/derived
CSR decision-making	Questions relating to resource availability; budgetary allocations, decision-making authority, discretion, responsibility, coordination
Explicit CSR manifestation	Questions relating to the nature of subsidiary CSR activities and outcomes

1.4.3.3. Data Analysis

In order to classify CSR activities, this thesis employs 'responsive CSR' and 'strategic CSR' terms, which were proposed by Porter and Kramer (2007). It has been used to measure the localization level of CSR development. Strategic CSR aims to integrate the social concerns in the host country into the core business, therefore it requires the process of localization.

To interpret and analyze the data from the interview, the transcription has been produced in English, after each in-depth interview, using the handwritten note in Korean. Afterwards, the author has identified patterns in answers of the interview, and framed it under themes and concepts responding to research questions. All quotes from interviewee's answer have been based on the literal translation by the author.

1.5. Significance of the Study

It is expected that the result of the research would be beneficial for three parties: academics, MNCs and the Korean government. For an academic, it would fill the gap of empirical researches in CSR studies. While the academic conceptualization on CSR has been deepened, the understanding has remained unclear on how MNCs' CSR has been affected by the different domestic environments of host countries.

For MNCs, the detailed description will be given regarding MNCs' determinants and implication process for the localized CSR. Localization has been emphasized in the CSR strategy to MNCs, to avoid unnecessary criticism in developing countries, and for the sustainable development of both the business and the society. They could improve their CSR strategy through actual examples of other MNCs, in regard to which CSR environments affected foreign corporation's CSR activities in Thailand and Vietnam.

Finally, for the Korean government in encouraging overseas CSR in Southeast Asia, it could be used for setting the specific guideline to encourage Korean MNCs' CSR activities. So far, its promotion has taken a consistent policy, without the reflection of each country's characteristics. By comparison between countries, this study could deliver the message that, the divergent approach and solution are required to balance the level of the development of overseas CSR.

1.6. Structure of the Thesis

The thesis is structured as follows:

Chapter 1 provides a brief outline of the research. It includes background, problem statement, significance of study, the motivation, research questions, and research methodology for explanation on what type of methodology is used.

Chapter 2 is the literature review, which is based on secondary sources. It provides academic discussion on CSR including different concepts in the context of developing countries, MNCs, and current state of CSR in Southeast Asia.

Chapter 3 introduces findings from Vietnam and Thailand. It starts with CSR environment of each country on the basis of the literatures. Then, it presents interview results regarding CSR activities of five interviewees (three in Vietnam, two in Thailand), focusing on their CSR motivations, decision-making and outcomes.

Chapter 4 provides the point of discussions of the findings. It analyzes characteristics of CSR activities, and revealed impacts from the host country by four categories; political, institutional, economic, and socio-cultural dimensions.

Lastly, chapter 5 is the conclusion. It gives the contribution and limitation of the study, following by recommendation and suggestions for further research.



Chapter II

LITERATURE REVIEW

2.1. Corporate Social Responsibility (CSR)

The concept that corporations have responsibilities to the society in the literature, dated back as far as the 1930s (Brejning 2013)⁶. In 1953, the first significant scholarly contribution on CSR was appeared as the book, *The Social Responsibilities of the Business man* by Howard Bowen (Lee 2008, Carroll 2015, Garriga and Melé 2004). Then, CSR has become a big social concern from 1960s, which the corporations started to have a huge presence, not only in economy but also in society at large. According to Carroll (2015), a rising social consciousness and civil rights in this period led the modern CSR movement, which means a closer examination of business behavior.

Since 'sustainability' came as the global topic in 1980s⁷, questions on CSR have continuously been discussed in the academic field. It has covered what CSR is, why corporates must do it, and what the society expect for corporates. As a result, over 40 CSR definitions have been offered in the literature (Dahlsrud 2008). Among these terms, the one from European Union (EU_Commission 2006) is most commonly used

⁶ According to Blowfield and Frynas, it can be traced back to boycotts of foodstuffs produced with slave labors in 19th century. Blowfield and Frynas (2005)

⁷ The terms 'sustainable development' was proposed by Brundtland Commission of the United Nations in 1987.

(Dobers and Halme 2009) in modern CSR researches: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

Like the description from European Union, many scholars have agreed that CSR must be thought of as a business model that incorporates economic, environmental and social considerations (Hanlon 2014). Nowadays, it has been considered as an essential communication method with the society, influencing all aspects of a company's operations, including purchase intention of consumers, partnership with supplier, employee's loyalty, and investment by a public relation (Werther Jr and Chandler 2010).

2.1.1. CSR conceptualization: Strategic CSR and CSR Pyramid

Among various theories in CSR, only related concepts with this thesis will be introduced, on the basis of grouping by Garriga and Melé (2004). They divided CSR theories into four groups; instrumental theories focusing on achieving economic objectives, political theories emphasizing a responsible use of business power, integrative theories to put CSR as the integration tool of social demands, and ethical theories stressing on the right action to achieve a good society.

Firstly, instrumental theories which consider CSR as a strategic tool to achieve corporations' economic objective, suit MNCs operating world-wide business for maximizing their wealth. It basically insists that "the social responsibility of business

is to increase its profits” (Friedman 1970). However, in the context of sustainability, this point of view has taken strong criticism, as it did not ponder over huge impact on society from corporations.

Regarding this view, Porter and Kramer (2007) suggested strategic CSR (Or, ‘Creating Shared Value’), which has been the one of the most recent terms in CSR discussions. They criticized previous CSR concepts such as ‘moral obligation’, ‘sustainability’, ‘license to operate’ and ‘reputation’, as these ideas focused on the tension between business and society, not on the interdependence characteristic. The idea of strategic CSR stressed on integrating a social perspective into the long-term business strategy, which contributes on improving company’s competitiveness or strategies.

In their concept, ‘Responsive CSR’ is a contrast to strategic CSR, which means one-off philanthropy for the better image in society, or mitigating the negative effect from business (Figure 2). They insisted responsive CSR is difficult to be sustainable, as its outcome is unmeasurable and unpractical. In addition, responsive CSR has provided the ground of criticism by disconnection from the society.

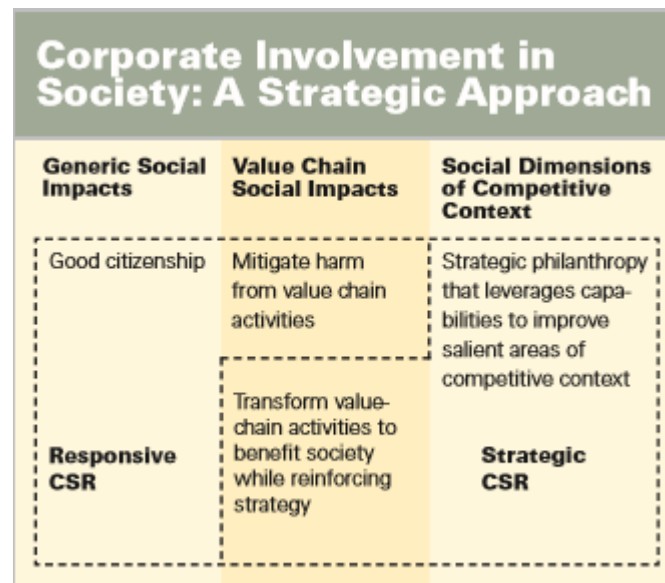


Figure 2. A strategic approach in CSR (Source: Porter & Kramer 2007)

Secondly, 'localization' in CSR can be understood by integrative theories. It argued that the existence, continuity, and growth of business in society are depending on how business deal with social demand. The term 'Social Responsiveness' has been proposed by Sethi (1975), that businesses must respond to social expectations to maintain legitimacy and survive. Under the similar view in CSR with it, Carroll (1991) conceptualized a four-layered pyramid as the method to evaluate social achievements of the corporations by dividing responsibilities into four categories: 'Economic contribution', 'Legal compliance', 'Ethical conduct' and 'Philanthropy' (Figure 3).

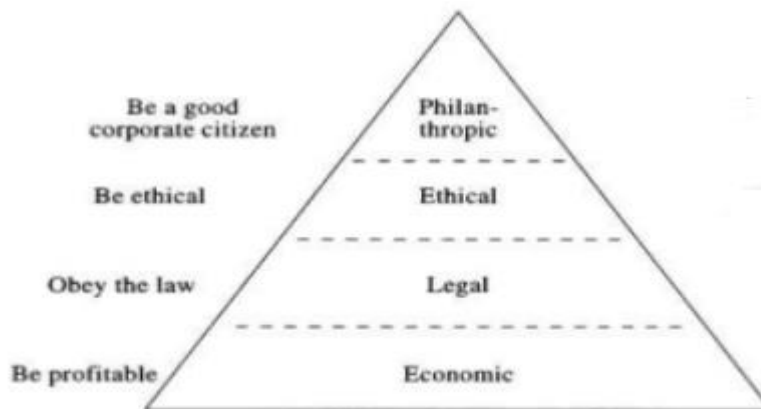


Figure 3. A four-layered pyramid model of CSR by Carroll (1991)

Both conceptualizations have widely spread in CSR discussions, but not match perfectly matched with the one in the thesis. Strategic CSR, or CSV has successfully been accepted by practitioners and scholars as the term aiming at win-win effect between the society and business⁸, but it can ultimately be up to business (Carroll 2015). Crane et al. (2014) indicated that strategic access in CSR ignored the tension between social and economic goals. The pyramid model by Carroll (1991) has been much-cited as the basic concept to study CSR (Matten, Crane, and Chapple 2003), but it is in doubt whether it is appropriate to research in developing countries.

Furthermore, by the 'vagueness' of CSR itself, it is difficult to define this complex concept exactly (Jamali 2010), as many variables exist depending on the society where the company belongs to. As Matten and Moon (2008) explained, 'it reflects the social imperatives and the social consequences of business success'. Thus, the

⁸ Nestlé, the one of the biggest MNCs in the world, has operated 'Creating Shared Value' program which is CSR program focusing on water, nutrition, and rural development. See www.nestle.com/CSV.

distinctive environment and characteristic of each country are regarded as a part of the CSR definition. Therefore, many scholars ask more papers to clarify culture and social environment of each country in CSR (Bustamante 2011, Jamali 2010, Prieto-Carrón et al. 2006), as those have become the important elements of CSR.

2.1.2. CSR conceptualization in the context of developing countries

So far, existing studies identified the feature of CSR in developing countries as follows: the high importance on philanthropic activities being affected by, 1) culture, religious belief and historical background, and 2) the urgent need from the society for the development (Visser 2008, Jamali 2010, 2007, 2014, Herrera 2011, Pimpa 2013). High importance of philanthropy can be visually described in the CSR Pyramid for developing countries (Figure 4) by Visser (2008), who defined CSR in developing countries as ‘the formal and informal ways in which business makes a contribution to improving the governance, social, ethical, labor and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts’. CSR pyramid model by Carroll (1991) indicated that four factors (economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility) are equally important elements in CSR. On the other hand, pyramid by Visser (2008) was based on the understanding that the aspiration for philanthropic activities has priority, in developing countries.

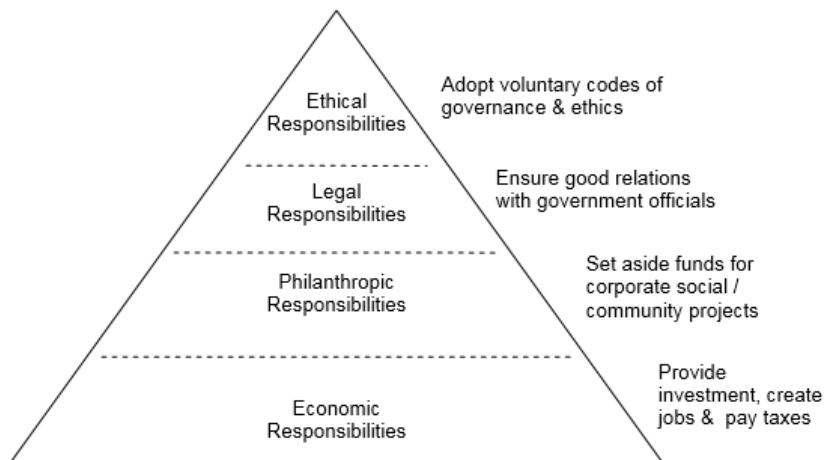


Figure 4. CSR pyramid model in developing country (Source: Visser 2008)

Majumdar (2008) also agreed that the existing global model is not proper to describe CSR practices in developing countries, as philanthropic activities take a large part of CSR. Therefore, he suggested to include the influence-able factors in CSR research, such as the macro environmental condition, country-specific CSR policies and contextual determinants.

To sum it all up, while strategic CSR came into the spotlight in ‘sustainability’ aspect of CSR, identifying the characteristic of the developing country also has increased importance in regard to the CSR study in developing countries. Therefore, MNCs need to pay attention to strategic philanthropy and localization process in CSR. Developing countries should be handled, not only as the background of CSR, but as the significant factor of it. However, questions of how domestic factors of host countries affect to MNCs' CSR strategy remain under-explored.

2.2. Multinational Corporations and CSR Localization

As the process of CSR conceptualization change showed, current CSR studies have focused on how CSR can contribute to sustainable development of the both corporation and society. Currently, CSR studies regarding MNCs are still embryonic (Rodriguez et al. 2006). However, existing research has continually chased the direction of the proper CSR in developing countries.

Since the CSR term came from huge leverage of corporations in the globalized world, the social responsibility of MNCs have been at the center of attention. Especially, bigger pressure of CSR has been given to MNCs in developing countries (E Ite 2004), where MNCs and Foreign Direct Investment (FDI) have a big presence. In addition, developing countries is at the 'early stage' in CSR development (Kemp 2001), therefore MNCs plays a role of the 'main CSR performer' (Husted and Allen 2006). In this situation, MNCs are increasingly expected to fill in gaps of weak or non-existent governments in the social development (Crane, Matten, and Spence 2008).

This background has caused dilemma in MNCs' CSR strategy between globalization (or, standardization) and localization (Husted and Allen 2006, Bustamante 2011, Jamali 2010). Globalization in CSR strategy means replicating the existing strategy of its home market (Husted and Allen 2006), and practicing integrated CSR internationally. For instance, Samsung has supported digital education devices for the

elementary schools from 2011, under the name of the ‘smart school’, in the different countries in Africa, Asia, Europe, and America.

Jamali (2010) compared distinct advantages and disadvantage between global CSR and localized CSR in CSR (Table 4). According to it, global CSR strategy may give pro-activeness, strategic integration and management efficiency to MNCs, which can face pressures to adopt different environment in the world. However, by this choice, MNCs often fail to respond effectively to issues of importance in their host country (Logsdon and Wood 2005). The biggest problem of global CSR is its ‘insensitiveness’ to local needs in the host country. According to Porter and Kramer (2007), by integrating social issues and concerns, business can build the interdependence relationship with the society it belongs to.

Table 4. Global vs. local CSR (localized CSR) in MNCs (Source: Jamali 2010)

	Advantages	Disadvantages
Global CSR	<ul style="list-style-type: none"> - Upward harmonization of CSR standards internationally - Globally integrated and standardized strategy - Policies, processes, and structures consistent across culture 	<ul style="list-style-type: none"> - Insensitivity to local needs - Reduced ownership and legitimacy - Compliance based strategies that are tailored to end of pipe controls

		<ul style="list-style-type: none"> - Approaches that live up to minimum host requirements
Local CSR (Localized CSR)	<ul style="list-style-type: none"> - Nationally responsive and adapted to local context - Tailored to local cultural differences and preferences 	<ul style="list-style-type: none"> - Fragmented inconsistent and reactive strategies - Lack of clear responsibility and internal tensions - Approaches that live up to minimum global requirements - High coordination and control necessary

Looking at the empirical studies on it, while the significance of philanthropy has been observed in MNCs' CSR in developing countries, still the actual 'localization' performance has not been showed up. According to Jamali and Mirshak (2007), MNCs' CSR strategies and practices in the developing country were grounded in the context of voluntary philanthropy, with the limited sophistication. They concluded both international and local corporations were practicing CSR amateurish, without the collaboration with NGOs or utilizing unique capabilities under the local context. Jamali (2010) kept to research it, and published that localization had a lower priority in MNCs' CSR, in case of Lebanon.

Why 'localization' in MNCs' CSR is hard to be appeared in the host countries, despite its significance and benefit that the academic results argued? Firstly, it seems to be related with the motivation of CSR. As its visible expansion escalated pressures and high expectations of social responsibility (Eweje and Bentley 2006) to MNCs, MNCs mainly want to exhibit a sense of responsibility (Jamali and Mirshak 2007). Therefore, the process for the sophistication and strategy of CSR has been easily skipped, as displaying CSR became the top priority to them.

Secondly, most MNCs in developing countries does not have a leading role in CSR, while a head quarter or CEO in their home countries takes it. According to Belal and Momin (2009), CSR activities of MNCs' subsidiaries were driven by the outside forces, like the pressure from international institutions, stakeholders and parent companies. In the article, they showed the concern on that, the setting CSR agenda by the outside pressure can result in excluding the local context, as the passive compliance. Overall, while CSR localization has been suggested as the right direction for the sustainability, most studies found obstacles in CSR localization from in-house only.

Therefore, the influence from the host countries has been unrevealed, although CSR has been considered as the social interaction between the company and the society. To identify the correlation of CSR localization with the environments in the host countries, the next section provides the previous studies regarding the CSR environment in Southeast Asia, Thailand and Vietnam.

2.3. CSR in Southeast Asia

Southeast Asia has been described as “one of the world’s fastest-growing markets and one of the least well known” (Vinayak, Thompson, and Tonby 2014). While most countries in The Association of Southeast Asian Nations (ASEAN) have been classified as ‘developing countries’ except Singapore and Brunei⁹, its combined power already achieved the seventh-largest economy in the world in 2013¹⁰.

CSR characteristics of Southeast Asia have been depicted by a few attempt. For instance, Chapple and Moon (2005) measured CSR developments by analysis of CSR reporting of the top 50 companies in Asia. They concluded that CSR in Asia has been at an early stage, but its CSR has been developed by its own unique system in each country, inclusive of Southeast Asian countries such as Thailand, Malaysia, Philippines, and Indonesia.

Then, Herrera (2011) narrowed down the view only for Southeast Asia, describing the characteristics of CSR environment by categorizing four groups on the basis of its common cultural ground (Mekong countries: Cambodia, Laos, Thailand and Vietnam, Islamic roots: Malaysia and Indonesia, Strong civil society: Philippines, Strong state with a developed economy: Singapore). Despite its limitation with a lack of empirical

⁹ It was followed by the recent classification from The International Union of Geodesy and Geophysics in 2015. See <http://www.iugg2015prague.com/list-of-developing-countries.htm>

¹⁰ It is projected to rank as the fourth-largest economy by 2050. (Vinayak, Thompson, and Tonby 2014)

research, both studies reported noticeable conclusions – ‘MNCs are more likely to adopt CSR than those operating solely in their home country, but the profile of their CSR tends to reflect the profile of the country of operation’ by the former, and the ‘religion and government play a key role in CSR development of Southeast Asia’ by the latter -.

Although it provides unique characteristics in CSR environment as significant factors in CSR, MNCs’ CSR activities in the region have been given not enough attention from the academic field. Southeast Asia is the fast-growing region with the active activities of MNCs. MNCs have taken a main role in CSR practices, and contributed to spread it out in the region (Herrera 2011, Nguyen et al. 2015, Prayukvong and Olsen 2009). It is expected that MNCs’ significance in CSR will be expanded into new emerging countries in Southeast Asia like Myanmar, Cambodia and Laos, which are described as the world's factory in the future (Heath 2015).

Chapter III

FINDINGS

3.1. Profile of the Country: Vietnam



Figure 5. A map of Vietnam (Source: Worldatlas)

As a part of Southeast Asia continent, Vietnam covers 310,070 square kilometers of land and 21,140 square kilometers of water, as the 66th largest nation in the world with a total area of 331,210 square kilometers. According to WorldBank (2017a), the total population has been estimated at 92 million.

Since its reunification in 1975, Vietnam experienced a long period of crisis, due to the severe damages caused by war, policy weaknesses and a difficult international environment during the 1970s and 1980s (UN 2017b). Vietnam overcame it by the economic reformation, which is called as the Doi Moi in 1986. After shifting from a planned centralized economy to a multi-sector economy based on the market, the

rapid national development has been followed. Using the world bank's data on Gross National Income (GNI), Vietnam has been classified as a lower middle-income country in 2011.

Despite the success in accelerating economic growth from 1990s to 2000s, Vietnam still has been remained as an ODA (Official Development Assistance) recipient country¹¹. Therefore, many international organizations, government-affiliated development aid agencies and international NGOs exist, aiming at development assistance in Vietnam (Fukada 2007). Especially, to Korea, Vietnam has been a major partner for ODA cooperation. The Korean government supported around \$2.8 billion in ODA to Vietnam from 1992 to 2015 regarding over 60 projects (Nguyen 2016). Economic exchange between Korea and Vietnam advanced also in 1990s, after the establishment of official diplomatic relations in 1992. In 2007, Korea-ASEAN Free Trade Agreement (FTA) triggered many Korean MNCs to entry to Vietnam (KOTRA 2016b). This agreement has been improved into Korea-Vietnam FTA in 2015. As a result, Korea remains by far the largest foreign investor in Vietnam (figure 6). While still 76% of investment have focused on manufacturing industry (KOTRA 2016b), recently Korean investment has expanded to the service industry for the domestic

¹¹ ODA support to Vietnam will be decreased, according to the recent news. The World Bank (WB) announced that it will stop providing capital from July 2017, and the Asian Development Bank (ADB), one of the three big funders, will be the next donor to do so. (VietNamNetBridge 2016)

market (Chi 2016). In details, according to the Vietnamese Foreign Investment Agency, the number of Korean companies in Vietnam has reached 4,493 on October, 2016. In addition, the number of Vietnamese workers hired by the Korean firms has surpassed 700,000 (Kim 2016).

2015			Jan-Sep 2016		
Country/ Region	Registered capital (US\$ mn)	Share	Country/ Region	Registered capital (US\$ mn)	Share
Korea	2,678.5	17%	Korea	4561.0	41%
Malaysia	2,447.5	16%	Singapore	1251.1	11%
Samoa	1314.0	8%	Hong Kong	843.7	8%
Japan	1285.0	8%	Taiwan	801.9	7%
Others	7,852.6	50%	Others	3,706.9	33%
Total	15,577.6	100%	Total	11,164.6	100%

Source: General Statistics Office of Vietnam (GSO)

Figure 6. FDI Flows in Vietnam from 2015 to 2016 (Source: General Statistics Office of Vietnam (GSO))

Looking at the CSR environment, it has been known that Vietnam has a long tradition of philanthropic practice in business (Nasrullah and Rahim, 2014). Some literatures have provided 'Confucianism' as the cultural background in regard to CSR (Truong 2016, Bilowol and Doan 2015), however there has been not enough studies to support that its cultural background has a strong connectivity with the modern CSR term in Vietnam.

Instead, most studies considered the 'Doi Moi', the economic reformation in 1980s as a watershed moment calling for CSR necessity in Vietnam (Nguyen et al. 2015, Fukada 2007, BatikInternational 2013, Hamm 2012). Next section has summarized the

important CSR environment in Vietnam into three social backgrounds on the basis of related studies; the governmental regulation and promotion, the big presence of MNCs and the collectivism /nationalism movement.

3.2. CSR Environment of Vietnam

3.2.1. The Governmental Regulation and Promotion

The government in Vietnam has the strong influence in all sections of the society.

The structure of the economy is the market-oriented, however it has been remained as the subject to be controlled by the government (NetherlandsEnterpriseAgency 2015). CSR activities also has been regulate and supervise by the government in Vietnam (Nasrullah and Rahim 2014). It has the close relationship with the political structure of a socialist state, and the Vietnamese government has several issues for regulations and laws to promote CSR, as follows.

The one of the major reasons why CSR regulations have been emphasized is for retaining international buyers (Twose and Rao 2003). International trade and FDI have dramatically expanded over the past two decades (UN 2017b), as the driving force of economic growth of Vietnam. During this time, the international standard from the overseas buyers, and the Code of Conduct (COC) of MNCs have been settled in the production process of the labor-intensive industry for export, including footwear, leather, textiles and electronics (Twose and Rao 2003, Nguyen et al. 2015). Thus, Vietnamese ministry of Labor - Invalids and Science Affaires has deeply involved in

partnership, in conducting research and study programs in CSR. Therefore, in Vietnam, 'high quality laws and regulation' have been in place (hiện 2010), when it comes to international buyers' concerns; environmental protection, and human right issue, such as labor working conditions and safety.

For CSR promotions, the Vietnamese government has provided the tax incentive to companies relating to the amount that they spent for CSR (Herrera 2011). Moreover, in 2004, the government announced Vietnam Agenda 21 program for the sustainable development, and started to promote CSR aiming at improving labor conditions and the environment (Fukada 2007). As a part of it, the national CSR award (CSR towards sustainable development) has been established by the government with private sectors from 2005¹² (Nguyen et al. 2015). The deep interest in CSR promotion has been seen in the another CSR award which is collaborated with the foreign government, which is the Vietnam-Korea CSR award (Vy 2016)¹³.

However, the academic field asks the government to settle a clear national CSR policy and its enforcement (Bilowol and Doan 2015, Truong 2016, Nguyen et al. 2015), not just at the level of CSR promotion. They commonly pointed out that CSR

¹² It has been co-hosted by many stakeholders, such as the Ministry of Labor, War Invalids and Social Affairs; Ministry of Industry and Trade; Vietnamese Chamber of Commerce and Industry (VCCI); Vietnam Leather, Footwear and Handbag Association; and Vietnam Textile and Apparel Association.

¹³ The Ministry of Planning and Investment has organized it, with the Korean Embassy in Vietnam and the Korea Trade-Investment Promotion Agency (KOTRA), since 2011.

remains as new to the local practitioner, and it can be confirmed by low CSR awareness and performances of local corporations. Therefore, an expanded role of the government in CSR has been expected.

3.2.2. The Big Presence of MNCs

After the Doi Moi, the active FDI introduced the CSR term to Vietnam (Nguyen et al. 2015, Bilowol and Doan 2015). It was not only by factories under MNCs' CSR standards, but also by MNCs in the Vietnamese market. Nguyen et al. (2015) explained that CSR has become the well-known topic in Vietnam, through the successful CSR cases by MNCs, such as Honda, Unilever, Samsung, Microsoft and Western Union. It contributed to forming the perception of the public and local companies that, CSR means 'the responsibility of large organizations from the developed world' (Bilowol and Doan 2015).

On the other hand, the another aspect existed in MNCs' CSR that, MNCs has used their CSR activities to position themselves favorably in the eyes of the Vietnamese government (NetherlandsEnterpriseAgency 2015). It has been based on the fact that government has reflected MNCs' CSR activities to select business partners in public projects (Jung and Choi 2016). In addition, as a socialist state, community involvement still has been in the area of the governmental control. For example, most local NGOs are operating under the governmental guidance in Vietnam (BatikInternational 2013).

Even though not enough attention has been given to the CSR role of MNCs in Vietnam, some studies argued concerns on MNCs' CSR in Vietnam. Firstly, while MNCs forced Vietnamese SMEs (suppliers) to adopt their CSR standards, it has been remained as suppliers' duty. Although numbers of local SMEs have a lack of human resources and budget on CSR duty, some MNCs avoided a burden of suppliers, and displayed CSR outcome under their name. Thus, when MNCs require the proper CSR to the supplier, the financial and structural support should be followed, like building the cross-sectoral partnerships covering governmental organization and civil-society organization¹⁴ (Tencati, Russo, and Quaglia 2008).

Secondly, MNCs' CSR quality has been in the doubt. Bilowol and Doan (2015) reported that CSR in Vietnam has focused on one-off philanthropy with insufficient strategy and sophistication, in contradistinction to its activity in the home country, referring to the case of Starbucks.

To sum up, according to secondary sources, 'Multinationals are the most active players in CSR in Vietnam, mainly via their Public-Private-Partnership (PPP) programs' (Meissner and Hung 2008). It was triggered by the huge presence in the Vietnamese market, and MNCs' CSR interest for their benefit as well as society, using CSR

¹⁴ To help Vietnamese SMEs to adopt global standard CSR, United Nations Industrial Development Organization (UNIDO) also has initiated CSR promotion. (Hamm 2012) It has been funded as a long term plan by the European Union, which many MNCs in Vietnam belong to (hiện 2010).

cooperation with the government in the controlled society. However, their CSR still needs to be monitored, regarding proper CSR support for the Vietnamese suppliers under MNCs, and CSR quality gap between MNCs' origin country and the host country.

3.2.3. The Collectivism

According to the survey, the Vietnamese people have the high CSR awareness¹⁵.

Related studies have found the reasons from their historical and cultural background.

First of all, the collectivism is closely connected with the public idea on CSR in the Vietnamese society. By a structure of the society in the past (the agricultural society on the basis of Confucianism), a 'community' was in the center of each individual's life. In modern times, the idea of putting public interest before that of the individuals, has strengthened within a socialist state (Jung and Choi 2016, Truong 2016). Thus, once a conflict occurs between the whole group (community) and the member (the corporation), the Vietnamese gives priority to the whole group, instead of personal goals.

This idea was seen in the group resistance, against to the CSR violation cases of MNCs. The most recent case was the serious marine pollution in 2016, by Formosa

¹⁵ Nielsen's global survey in 2014 announced that, consumers in Vietnam were highly conscious on CSR when it comes to purchasing goods and services, showing positive responses on the relationship between CSR and the purchase intention, as 73% much more than the global average (55%).

Plastics Group, a Taiwanese steel company. The company's initial response justified the marine pollution by their wastewater, as an 'unavoidable result for the industrial development'¹⁶. It made the Vietnamese public angry, and caused the mass public protest to the company. Finally, the company apologized for their fault, and had to charge a big amount of the compensation money to the government (Tiezzi 2016). Regarding CSR, the collectivism has been reflected that 'the corporation and community should prosper together' (Jung and Choi 2016), which is very near to the current CSR philosophy. In this point of view, corporations' CSR violations can be construed as an attack on the community, not as necessary sacrifices during the economic growth, and resulted in the big public attention and protest in Vietnam.

3.2.4. The Nationalism Movement

According to Jung (2016), high public expectation on MNCs' CSR was forming, not only by the collectivism, but by the nationalism movement after the long history of foreign rules in Vietnam. The nationalism movement was not irrelevant with enterprise activities. The anti-Chinese protest in 2014 is a good illustration. It was caused by a territorial dispute between China and Vietnam, which is a political and

¹⁶ The detailed answer from the company was as follows; "Many times in life, people have to make a choice: either to catch and sell fish, or to develop the steel industry. We cannot have both." (Tiezzi 2016)

diplomatic issue, however it resulted physical attacks from the Vietnamese public to Chinese corporations, by extension, other foreign companies including MNCs.

Ms. Soon Ok, Kim, the secretary-general of KOCHAM Vietnam stated that the anti-Chinese protest alarmed MNCs in Vietnam, regarding the necessity of CSR for the communication with the local community. According to her, “Lots of foreign factories were destroyed by the protesters in that time, but a few companies could avoid it because of the protection from Vietnamese employees or villagers, as they have had a good relationship with the community via CSR activities.” This case has been referred to emphasize the significance of building positive image and relationship with the local community in Vietnam to MNCs (Jung and Choi 2016). In other words, to MNCs in Vietnam, a lack of CSR can be acted as a serious threat to their business operation, on the strength of the nationalism movement.

3.3. Korean MNCs in Vietnam

3.3.1. CJ Vietnam

3.3.1.1. Company Profiles / CSR Strategy of the Headquarters

The Fair Trade Commission of Korea classified a mother company as the 14th largest company of Korea in 2016. CJ in Korea has maintained the formal CSR policy, and the responsible CSR department. They clarified CSR strategy of the company in 2013, consisting of CSV (Creating Social Value, or ‘CJ’s Social Value’) and CSR. While CSV

meant strategic CSR activities that fit into their business expertise and grow ability of the host country together, CSR is represented by 'charity or donation' to them.

According to their website (<http://english.cj.net>), CJ welfare foundation has been established, as a donation platform. The foundation has led donations and social voluntary services from 2005, focusing on helping underprivileged children and teenager by the education and sharing food.

As the global concept, CJ has encouraged their overseas subsidiaries to create and practice the strategic CSR program. Especially, the food business division (CJ Cheiljedang) has provided a clear guideline for strategic CSR access, via an annual sustainable report from 2013. 'CJ CSV Value Chain (Figure 7)' is a good example. 'CJ CSV Value Chain' has illustrated practical application methods of strategic CSR during the whole process of production, for actual CSR performances. Each action in the value chain focused on the rural development (supplying improved seed/cultivation technology to farmers, support on management/research and development to partner companies), the company's economic value (Stable delivery) and consumers' health (Stable supply of high-quality and safe food). To sum up, it is designated to promote the business goal and social value through strategic CSR.



Figure 7. CJ CSV Value Chain (Source: CJ Cheiljedang Sustainability Report 2015)

For CJ, its subsidiary in Vietnam has been known as 'the third CJ', having the third biggest size of its business, next to Korea and China. All fields of CJ's business inclusive of food, pharmaceuticals, logistics, media and home-shopping have been operated in Vietnam since 2001. CJ Vietnam had no dedicated work forces for CSR, therefore Human Resources (HR) / Public Relations (PR) department was in charge of CSR issues. Despite it, their CSR activities have been awarded by the Vietnamese government two times (in 2013, 2016), and Vietnamese president invested CJ with a friendship decoration in 2015. The job position of interviewees was HR / PR director, who has been dispatched from CJ Korea to Vietnam for last five years.

3.3.1.2. CSR Activities

1) Chili farming Project (2014 – 2017)

CJ Vietnam has adopted the CSR philosophy, and two tracks of the CSR strategy (CSV and CSR), from a parent company. In addition, the director added, "By the political

structure of Vietnam, MNCs need to actively display their contribution to the society by CSR.” CJ Vietnam saw the necessity of strategic CSR, however they faced the difficulty to grasp the local need and social concerns in the host country.

Figure 8 describes the process of ‘Chili farming project’ they have practiced in Ninh Thuan province. “As the one of the biggest foreign investors, our management has had a close association with the central government, especially cabinet ministerial level. Our management asked them for advice.” To CJ Vietnam seeking CSR idea, government officials suggested them Ninh Thuan province as the background of their activities, which is the one of most underdeveloped area in Vietnam.

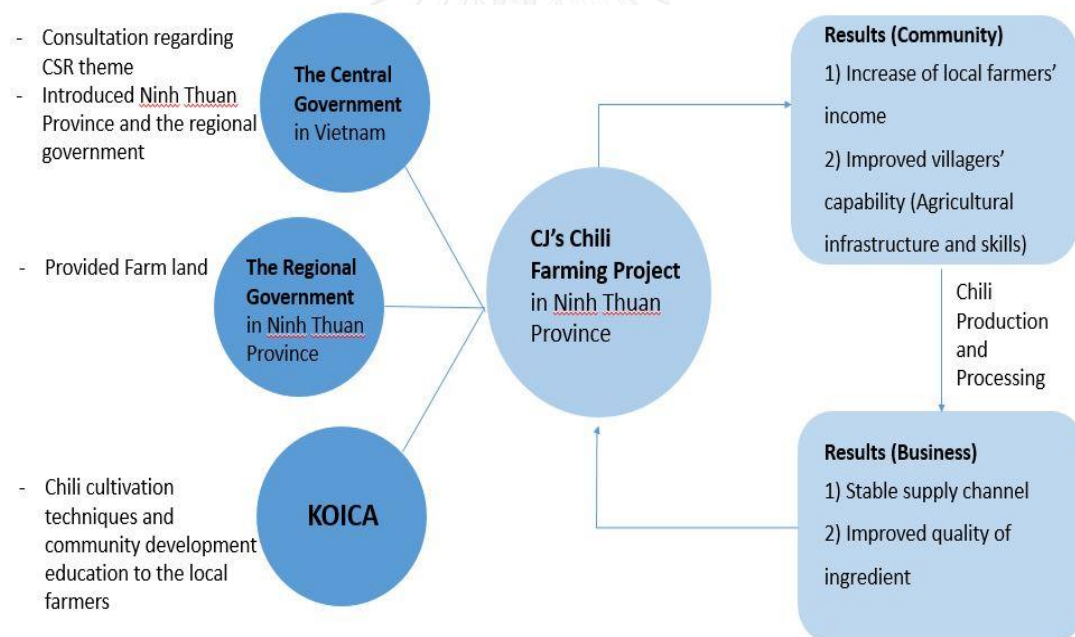


Figure 8. The process of 'Chili farming project' of CJ Vietnam (Source: in-depth interview with CJ Vietnam, designated by the author)

“After then, we visited Ninh Thuan province for several times. It was the poor rural communities with high population of ethnic minorities¹⁷.” As a food business owner, CJ Vietnam brought the need of agricultural ingredients to mind from the regional environment. “Finally, we decided to farm Korean red chili considering the climate of Ninh Thuan province.” As Vietnamese chili is too spicy to be an ingredient of Korean food, CJ Vietnam had to import red chili from China before. By this project, CJ Vietnam has planned to increase the income of local farmers, and to improve supply channel in their food business, at the same time.

From 2015, chili farming has been getting into its stride. Under the cooperation with the central government, the regional government in Ninh Thuan province supported the farmland. Under the technical and budgetary support from headquarters, CJ Vietnam was in charge of chili seeds and irrigation system improvement. “Since we are businessmen, we could not educate local farmers well about agricultural skills. The collaboration with KOICA solved this concern.” KOICA, the Korean governmental agency for ODA, has joined in this project from 2014 (Figure 9). KOICA educated farmers not only about chili cultivation techniques, but also about the community development strategy using the experience of ‘*Saemaul Undong* (Saemaul Project)’, which is the Korean governmental project for the rural development in 1960s and

¹⁷ According to KOICA, a minority group (Rac Lay) in Vietnam lived in Thanm Ngan village of Ninh Thuan province. 42.4% of households lived under 20 US dollars per month, by farming corn, banana or rice.

1970s. It includes the establishment and operation of village committee, agricultural association and women's society, to grow villager's capability by building self-governing mechanism in the community (Kim 2014).



Figure 9. Memorandum of Understanding (MOU) signing ceremony for CJ's chili farming project, between representatives of CJ, KOICA, and the Vietnamese government (Ninh Thuan Province) in 2014 (Source: CJ Website)

After the cultivation experiment, farmers could harvest chili successfully in 2016 (Figure 10). According to Heimer (2016), it resulted in five-folded increase of local farmers' income. The director added the words, "When we introduced our chili farming to farmers for the first time, they were quite reluctant, but now more farmers in the village wish to join our project." To the business of CJ Vietnam, it brought reducing cost and better ingredients. Furthermore, the director explained the other

achievements by this project were, building strong relationship with the central government and PR effect by the global recognition¹⁸.

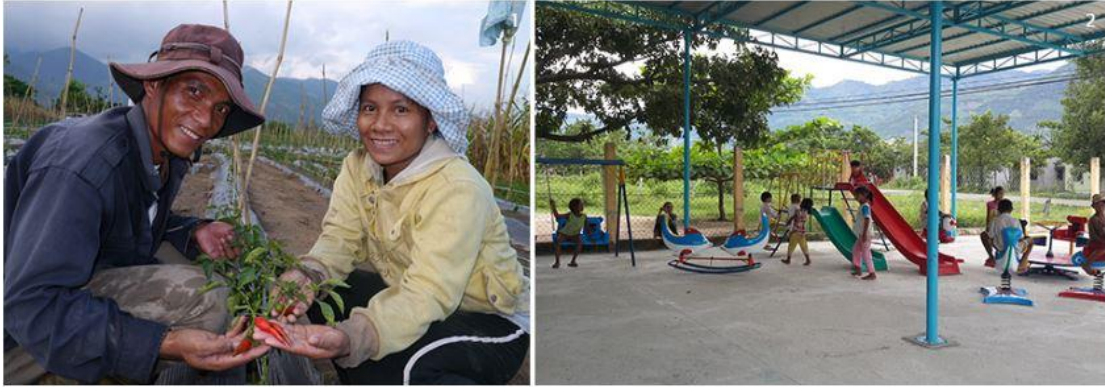


Figure 10. Farmers cultivating Korean red chili (left), the kindergarten was made in the village, as a part of improvement of living conditions (right) (Source: KOICA 2014)

2) Baking School Project (2013 – 2014)

The project has been initiated in 2012. Since CJ Vietnam started the bakery chain business in 2007, a lack of skillful bakers was a deep business concern. “Our management realized that there were not enough systematic baking schools in Vietnam.” They thought that establishing a baking school will be the appropriate CSR project not only for them, but for the Vietnamese society, which lots of young workforces are growing.

¹⁸ ‘Chili farming project’ in Ninh Thuan Province by CJ Vietnam has been introduced as a successful model for poverty reduction efforts, in ‘Global Citizen 2015 Earth Day’ organized by the Global Poverty Project, a U.S. non-profit organization. In 2016, US business magazine Fortune chose CJ group as the one of 7 World-Changing Companies to Watch, with mentioning this CSR project, as well.

During the information gathering regarding the vocational schools in Vietnam, they came to know that KOICA has operated 'The Vietnam – Korea Vocational College' in Nghe An province from 2001, as a part of ODA cooperation between Korea and Vietnam. KOICA accepted the suggestion from CJ Vietnam, about adding the baker course in their vocational education program. Then, CJ and KOICA made an agreement that CJ (headquarters and CJ Vietnam) support baking instructors and facilities, while KOICA is in charge of the school operation.

In 2013, the CJ-KOICA Baking school was opened (Figure 11), as the six-month course for training 50 students. Student could learn more than 60 types of bakery skills. For the better training, the school has operated its own bakery shop ("*Haengbok Bakery* (Happy Bakery)") in the town together (Figure 12), and the regional government rented the building at a low price. "In 2014, we measured the result. More than 95% of 100 graduates were employed as a baking instructor, bakery shop owner, baker in the hotel or our bakery chain." After 2014, the baking academy has been self-managed by profits from the school bakery, without CJ Vietnam's support. Moreover, this CSR model has been exported to Indonesia, under the collaboration with KOICA and the local vocational school in 2014.



Figure 11. The Vietnam – Korea Vocational College in Nghe An Province, and students of CJ Baking Academy (Source: KOICA)



Figure 12. 'Happy Bakery', where CJ Baking Academy students practiced baking and shop management skills (Source: CJ Foodville Website)

3) Other Activities (Scholarship / Sponsorship)

Providing scholarship and donation events have been accompanied with strategic CSR, by CSR concept from a mother company. The director explained that, by their founder's great interest emphasizing the equal opportunity for education, headquarters have the long history of donating scholarship by a company-owned foundation. He also added the comment on that, strategic CSR and donation or

charity “should be accompanied, as it is impossible to connect all philanthropic activities into our business.” It seems that the company would like to expand the scope of CSR in the public, not just aiming at improvement of business operation.

Regarding it, the director illustrated the one of CSR motivations is PR effect (“We want to be remained as a friendly image to the Vietnamese people”).

Unlike strategic CSR supported by CJ in Korea, the business profit from Vietnam has been used for responsive CSR, under the control of CJ Vietnam (HR/PR team). They have provided the scholarship to the students in need in Lam Dong province, the rural area which CJ Vietnam purchase fresh ingredients. The director mentioned that they would like to expand donations to the whole area of Vietnam, but the legal regulation is the problem. “We would like to establish our own foundation, but the Vietnamese law does not allow MNCs to do.” CJ Vietnam has been a major sponsor for the Vietnamese national Tae-kwon-do team, as well.

3.3.1.3. Evaluation

Although CJ Vietnam was in charge of CSR localization, it is believed that its CSR localization has been largely based on CSR strategy of the mother company. The chili farming project covered many parts of strategic CSR goals of the headquarter, such as improving ingredient quality, securing stable supply, and solving the practical problems of rural communities.

In addition, this implementation of strategic access (Chili farming / Baking school project) was possible, under the complete support from the Vietnamese government, as they had the same interest in the rural development. To fight with the large income gap between rural and urban area, the Vietnamese government exerted 'National Target Program on New Rural Development' (Kim 2014), for enhancing infrastructure and increasing incomes of rural provinces in Vietnam until 2020.

In the case of baking school project, while it was designated to solve the business difficulty they faced in the host country, the similar pattern of CSR process with Chili farming project was seen, such as the collaboration with the external partners, sponsoring items in the area of their expertise, and improving business competency as a result. Baking school project also had high sensitiveness to the social concerns in Vietnam, targeting more skilled labors for the sustainable development¹⁹.

Therefore, it can be assumed that the governmental support and interest were given, as CJ's project was adhered to the national development plan of Vietnam.

¹⁹ The Vietnamese government published 'Viet Nam Sustainable Development Strategy for 2011-2020' in 2012. In the section of 'Social targets', they pointed out the 'rate of trained labor' as the one of urgent issue (Government 2012).

3.3.2. Shinhan Bank

3.3.2.1. Company Profiles / CSR Strategy of the Headquarters

In 2015, Shinhan Bank was ranked at the top on the amount of assets among banks in Korea. Shinhan Bank has been well-known by its CSR interest, as well. From 2005, headquarters have published the industry-first CSR report, by the CSR dedicated department.

In the recent CSR report (ShinhanBank 2015), Shinhan Bank introduced CSR strategies (Figure 13). Their CSR strategies covered 8 areas of economic, social and environmental aspects for sustainable management activities; reliable business practice to reinforce customer protection, risk management and ethics/transparency, society's sustainable growth by fulfilling the responsibilities to stakeholders (employees, local community and supplier), environmental management by developing environment friendly service and using energy efficiently.

Shinhan Bank opened the first office in Ho Chi Minh, Vietnam in 1993. Among Korean Banking companies in Vietnam, it has the largest number of branches (18 places). The successful localization of their business can be seen in the percentage of local customers; 380,000 Vietnamese customers occupying 90% of whole clients. By CSR performances, it has been awarded by the Vietnamese government two times in 2012 and 2015 each. HR / PR director I interviewed, has worked in a mother company for 13 years, and another 3 years for the subsidiary in Vietnam.



Figure 13. *Shinhan Bank's 9 CSR Strategies (Source: Shinhan Bank)*

3.3.2.2. CSR Activities

1) Shinhan Scholarship

The director of Shinhan Bank in Vietnam explained that there is a correlation between the social development and their business operation in Vietnam. “Most of our CSR activities were designed under an education theme. Because we believe that our business in Vietnam can grow up in the developed society by educated workforces.”

According to him, the ‘education theme’ was developed, at the initiative of the subsidiary. Aside from the subsidiary, the mother company has been the main

sponsor of ‘Korea-Vietnam Youth Economic Vocational School’ in Ho Chi Minh, from 2013. They established it under the collaboration with the Korean NGOs, Korea International Volunteer Organization (KVO) and Community Chest of Korea.

For the subsidiary, ‘Shinhan Scholarship’ was the representative CSR activity (Figure 14). From 2014, Shinhan Bank in Vietnam began selecting the recipient among high-performing university students from low-income families in Ho Chi Minh and Hanoi.

They have provided tuition fees, living expenses, and internship opportunities to those students. He explained, it is a huge amount of scholarship comparing the other foundations or companies. Furthermore, if their scholarship recipients apply for a job, Shinhan Bank would employ all of them. “Providing scholarship can be the one-off event, without the sponsor’s continuing interests. Our scholarship aims at the support for the long-term. If it is possible, we would like to be a support for their whole life.”

The scope of budget was related to its profit. The director mentioned, “the budget from us can be decreased, if we have bad annual performance. But we have not had bad one yet, so it will not be happened in the future, too.”



Figure 14. Shinhan Scholarship presentation to 20 university students in 2016
(Source: Shinhan Bank Vietnam)

2) Other Activities (One-off Scholarship / Donation Events)

Shinhan Bank also stated their management motto of headquarters, ‘warm-hearted finance’. According to the director, the parent company started pursuing CSR with this motto as the sustainability strategy from 2013. While the CSR activities of its subsidiary have been framed under the education theme, headquarters have involved in CSR activities in Vietnam through the budgetary support.

There is the another scholarship program which Shinhan Bank operates in Vietnam.

“The headquarters-owned foundations have supported tuition fees to poor students recommended by the local middle and high schools, from 2013.” Additionally, the company has actively practiced philanthropic activities and events every month, with

employees' participations. The company was the only one among interviewees, regulating employees to attend company's CSR events at least two times a year. "Our employees are the important driving force that we can operate CSR activities. They really love to join those events for helping neighbors." According to the interviewee, some CSR activities were designated from employee's idea. 'Shinhan Bike Run' event was an example. This annual event is for donating bicycles by employees' riding to the rural children.

The director evaluated that CSR activities are essential in Vietnam. "In Vietnam, practicing CSR is like cutthroat competition. Every companies do, and benchmark each other if there is a good case."

3.3.2.3. Evaluation

As a mother company did not mention the significance of strategic CSR access in CSR report, the subsidiary also did not have deep knowledge, or specific action plan about strategic CSR. However, the subsidiary defined the direction of CSR at the level of localization, and decided to focus on 'education' theme which will be the growth engine to their business.

The director of the subsidiary did not clarify the actual case of employment through 'Shinhan scholarship', but recently the president of Shinhan Bank in Vietnam confirmed that they have hired around seven new employees among their scholarship recipients every year (Won 2017). It seems that this program was

designated with strategic purpose, not only for contribution to the development of the host country, but for securing an outstanding work force with the high level of loyalty to their company.

3.3.3. Phu Thanh Viet (PTV)

3.3.3.1. Company Profiles

PTV company limited has established in Vietnam in 2004, as a foreign-invested company. The main business is logistics, and now it has been expanded to an insurance, trade and distribution with 164 employees (10 Korean and 154 Vietnamese). As a small-sized company under a private ownership structure, PTV does not produce the CSR report or policy.

By their constant CSR activities, PTV has been awarded by the Vietnamese government in 2013. The job position of interviewee was Chief Finance Officer (CFO), who has been working for three years in the company.

3.3.3.2. CSR Activities

1) Study-abroad Program for Customs Officers

In the case of PTV, CEO has directly brought the CSR term to the company. CFO explained it, “Our CSR activities came from CEO’s idea; ‘money we earned in Vietnam, should be shared with Vietnamese people’.”

The idea of strategic CSR also was created by CEO. “It seems that MBA course study in In-ha University inspired our CEO. Slow and unsystematic process in the local customs has acted as a threat in the logistics business of Vietnam. He met a head of the customs office in Dong Nai province, and suggested him that our company would like to provide a fellowship for Vietnamese customs officers.”

After he received a governmental approval for the program implementation through a head of the customs office, CEO contacted the university in Korea whether the university can support the scholarship for this program. To the university, he proposed the opportunity of the internship training in his company to their undergraduate students.

Finally, the company and In-ha university in Korea signed the Memorandum of Understanding (MOU) in 2015, which the university provides the tuition fee for 10 Vietnamese customs officers during 5 years (2 students per year), and the company offers the internship opportunity to In-ha University students. CFO mentioned, “therefore, our budget 160,000 USD will be used as the living expenses of officers during their study period in Korea.” Currently, three Vietnamese customs officers are studying Master of Logistics Management course in Korea. The company plans to send 7 more officers by the custom’s recommendation until 2021.

Through this CSR program, the company expected that there will be various intangible benefits. “First of all, well-educated customs officers will contribute on customs system improvement in Vietnam, which is directly linked to our business

efficiency. In addition, they will have understanding about Korea, inclusive of Korean people, Korean culture and the Korean customs system.” Furthermore, during the implementation phase, PTV developed a friendly relationship with Dong-nai customs office. “Whenever we meet a head of customs office in the external events, he always brings us to the other people, and tell them how our CSR program is good for the social development in Vietnam.”

2) Other activities (Donations)

Unlike the other two companies in Vietnam, PTV did not mention the market pressure regarding CSR in Vietnam. “In B2B (business to business) industry like logistics, competition does not exist regarding CSR practices. Many of them think that CSR is unnecessary.” However, by CEO’s will, PTV has been consistently involved in philanthropic activities in Vietnam. They have been in the sisterhood relationship with one middle school and one orphanage, from 2012. The company donated approximately 1,000 USD every year, and used computers once their office replaces it to the new one.

CEO’s influence on CSR also can be seen in the budgetary allocation. CFO confirmed there is the fixed CSR budget in the company, but it is flexible depending on CEO’s decision. “Last time, he took a sudden decision in the event, to donate money to the Korean school in Vietnam, to settle facilities for the disabled students.”

According to CFO, the company has gained PR effect and employees’ loyalty by continued CSR activities. “We did not mean it, but our name has been known by CSR

activities, and we had a chance to interview with the local press for several times in Vietnam.” CFO added the comment that employees felt proud of company’s fame by CSR activities.

3.3.3.3. Evaluation

Despite the absence of CSR strategy, their study-abroad program for customs officer showed the high level of CSR development. PTV also found the CSR motivation from the business difficulty, like the case of CJ Vietnam. CEO of the company designated the great strategy, inviting the university as the stakeholder in their CSR program. Under the collaboration with the various external partners, the company could improve their future business environment, while they contributed to enhance the ability of the Vietnamese governmental officers and Inha university students.

3.4. Profile of the country: Thailand



Figure 15. A map of Thailand (Source: Worldatlas)

Thailand covers 510,890 square kilometers of land and 2,230 square kilometers of water in Southeast Asia, making it the 51st largest nation in the world, with a total area of 513,120 square kilometers. According to UN (2017a), the estimated population reached 64 million in 2017, referring to the recent census data in 2010.

Since the Thai government initiated the economic objective of Thailand development towards a 'Newly Industrialized Country' in 1945, the Thai economy has experienced a continuous economic growth (Kuasirikun 2009). FDI has been the one of driving forces of Thailand's economic development, which sustained primarily by export industries, such as electronics, vehicles and mechanical parts. On the basis of the large presence of MNCs and FDI, Thailand performed strong growth and impressive poverty reduction, particularly in the 1980s (WorldBank 2017b). Although

the Thai economy faltered during the Asian financial crisis of 1997, it slowly recovered in 2000s. However, UN (2017a) pointed out that while cities in Thailand have grown faster, poverty remains as a genuine concern in the rural area. In 2011, World Bank classified Thailand as an upper middle-income country, as its GNI achieved US \$4,210. Hence, Thailand has been considered as the both significant provider and recipient of ODA (OECD 2015). While Thailand International Cooperation Agency (TICA) was established in 2004 to provide ODA to other emerging countries, Thailand still has received other country's support for the socioeconomic development in limited areas. For instance, after Thailand has become an upper middle-income country, ODA from Korea to Thailand has been focused largely on technical cooperation, which provides technical training to University or vocational schools of Thailand.²⁰

In economy, the Korean investment to Thailand was motivated by the attractive labor market from the end of 1980s (Park 2010), mainly in manufacturing industry. So far, around 300 Korean companies have operated their business in Thailand, and over 60% of them are in manufacturing business, such as electronics and steels (KOTRA 2016a). Recently, the expansion of Korean companies in Thailand has been

²⁰ According to the website of KOICA (<http://www.koica.go.kr/>), KOICA and TICA signed a Memorandum of Understanding (MOU) on Cooperation in Global Development, in 2014. KOICA will share their experience and expertise on managing overseas volunteer program to support TICA.

visibly seen at telecommunication, and franchise industry like cosmetic or food.

KOTRA (2016a) evaluated that Thailand has been the key base for ASEAN investment to Korea, as third largest destination of Korean investment in ASEAN, next to Vietnam and Indonesia. However, its size of investment has remained as tenth from the view of Thailand (figure 16).

	2015		2016		Change in amount
	Number of projects	Amount (billion baht)	Number of Projects	Amount (billion baht)	
Total Foreign Investment	1,151	493.69	925	358.11	-27%
100% Foreign Investment	698	235.85	594	139.21	-41%
Japan	451	148.96	284	79.60	-47%
China	81	28.10	106	53.77	+91%
EU	162	47.21	161	38.72	-18%
ASEAN	175	110.16	148	32.07	-71%
USA	48	32.23	27	25.29	-22%
Australia	19	1.12	27	19.86	+1,673%
Cayman Islands	6	3.81	7	16.84	+342%
Hong Kong	71	27.65	32	8.60	-69%
Taiwan	52	15.58	46	8.03	-48%
South Korea	37	3.94	32	6.24	+58%

Source: Board of Investment, Thailand

Figure 16. FDI Flows in Thailand from 2015 to 2016 (Source: Board of Investment, Thailand)

Regarding the CSR environment, many studies illustrated that the Asian Financial Crisis in 1997 provided the starting point, calling for reformation of corporate governance, which is the generic concept of CSR, ensuring accountability, transparency and compliance in the society (Herrera 2011, Prayukvong and Olsen 2009, Srisuphaolarn 2013). In addition, the growing awareness on CSR has been followed by 2004 Tsunami in the southern Thailand. The disaster by environmental

destruction acted as an alert to business that their operations are deeply linked with community, society, and the environment (Srisuphaolarn 2013).

CSR in Thailand still has been an autonomous area depending on corporations' decision, but the movement for change has been started under the support from the government and business side. For more details, the next section is the summary of the significant CSR environments in Thailand with three categories; The socio-cultural value, the domestic company-centered promotion and high CSR awareness of Thai corporations.

3.5. CSR environment of Thailand

3.5.1. The Socio-Cultural value

Despite the limited number of studies regarding CSR in Thailand, the intimate connection between Thai culture and CSR can be found in the related research. Most of studies have paid attention to socio-cultural terms to explain the CSR perception in Thailand. They commonly insisted that the notion of CSR has been rooted in the traditional culture or society in Thailand, before the import of its name in 1990s. These cultural effects on CSR seems to expand to MNCs in Thailand (Boonyauva 2014), as well.

First of all, with a wide-spread Buddhism, Thailand has long practiced a “patron-client culture” (Uppatum, อุปถัมภ์) which the higher ranking members of society have to provide for the welfare of the lower ranking, while the lower ranking members

give service, respect and loyalty in return (AsiaDevelopmentBank 2011). According to the empirical research by Rajanakorn (2012), Thai corporations perceived CSR as ‘giving back, caring for and helping/sharing, and developing creating’, not only as the concept of their business strategy, but as a great reflection of Thai cultural values and Buddhism beliefs.

Another socio-cultural factor influenced to CSR practices in Thailand, is the royal projects and foundations, set up by His Majesty the King Bhumibol Adulyadej (1927 - 2016). CSR projects of many Thai companies have been inspired by the King’s speech regarding “Sufficiency Economy”²¹ or royal projects, which mainly led the social development, environment protection and assistance for the poor in Thailand (Prayukvong and Olsen 2009, Srisuphaolarn 2013).

By these unique socio-cultural factors, ‘CSR in Thailand has been culturally bound’, which is grounded on the participatory action, community-focused approaches, and the promotion of engagement (Pimpa et al. 2014). Some studies argued that Buddhism has strongly affected even CSR strategy of Thai corporations, by referring the Buddhism metaphor “Pid-Thong-Lang-Pra” (putting the gold leave at the back of the Lord Buddha Image), which means ‘good things should be done without

²¹ His Majesty the King created this philosophy on the basis of Buddhism, to advise his people in suffering, after the economic crisis of 1997. "Sufficiency means moderation and reasonableness", which emphasizes 'maintaining balance' and 'being ready' to cope with rapid physical, social, environmental, and cultural changes from the outside world. (Krongkaew 2003)

publicizing’ (Sthapitanonda and Watson 2015, Srisuphaolarn 2013). They pointed out that in ‘doing good’, the pure attitude is emphasized away from commercial interests in Thai social value, which is based on Buddhism. Hence, CSR has been easily interpreted as philanthropy to Thai corporations, not as the business strategy.

3.5.2. The Domestic Company-centered Promotion

After 1997, Thailand has seen the dramatic increase in CSR discussions and initiatives, leading by the private sector for domestic companies (Table 5). Since the setting of the CSR promotion center was initiated by the Ministry of Social Development and Human Security in June 2007, the Thai government has enacted policies to diffuse CSR. For instance, ISO 26000, a global standard to track CSR progress has been promoted by the government. The tax incentive has been provided to the business, regarding their CSR activities. Most recently, the government has established the CSR center to drive the CSR promotion strategy, which aims at sustainable social development and responds to national issues.²²

Table 5. Examples of Recent Public- and Private-Sector Initiatives Promoting CSR in Thailand (Source: Mmbali and Assawasirisilp 2017, updated by the author)

Year	Host	Details
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²² It has been followed by the approval to the first draft strategy on CSR promotion (2015-2017), from the cabinet meeting on April 28, 2015. See <http://www.thaigov.go.th/index.php/en/cabinet-synopsis-/item/91655-91655.html> (Assessed on 17-Aug, 2016).

2001	Kenan Institute Asia	Developed training programs for corporate executives to increase the efficiency, effectiveness, and sustainability of corporate social responsibility in Thailand
2006	The Stock Exchange of Thailand (SET)	Created CSR awards and published a performance list with ranking for outstanding CSR cases
2007	The Stock Exchange of Thailand (SET)	Established The Corporate Social Responsibility Institute (CSRI) to promote CSR and provide its guidelines for Thai companies
2010	The Thai government	Established the National Corporate Governance Committee (NCGC) to promote principles of corporate governance and ensure their implementation
2015	The Thai government	Approved the first draft of the national CSR promotion strategy, and established the CSR center for its implementation

Looking back at the progress of CSR promotion in Thailand, the government has shown a lack of the continuous leading role in the CSR promotion (Prayukvong and Olsen 2009). Alternatively, various private business organizations, such as Corporate Social Responsibility Institute (CSRI) by the Stock Exchange of Thailand (SET), Thai Industrial Standard Institute (TISI), CSR department of the Royal Foundations, CSR Club, and the Network of NGO and Businesses Partnerships for Sustainable Development in Thailand have contributed to diffuse the CSR term by conducting

seminars or giving awards to Thai corporations (Srisuphaolarn 2013, Suppapanya 2012).

Especially, Srisuphaolarn (2013) described that SET raised the bar for member companies to meet international CSR standards, by appointing a committee to study corporate governance (2001), publishing the Corporate Governance Principle and setting up the Corporate Governance Center (2002). In addition, annual CSR awards have been held by SET since 2006, and a year later, it launched a CSR Institute (CSRI), as well (Srisuphaolarn, 2013). Their activities have largely contributed on CSR development in Thailand, by encouraging good corporate-governance practices including CSR (Mmbali and Assawasirisilp 2017).

3.5.3. High CSR Awareness of Thai Corporations

It seems that CSR is the widely diffused concept in Thailand, inspired by above socio-cultural factors and active promotions leading by the private sector. Thai corporations have recently been ranked the first in CSR awareness among ASEAN countries, according to a survey on CSR by National University of Singapore (NUS) and ASEAN CSR Network in 2016 (Tan 2016b).

In literature, however, it is evaluated that the CSR development have not been followed by the level of CSR awareness. A survey by CSR Asia Center in 2010 found that many Thai companies had CSR policies, but they were weak in actual performance or implementation of CSR (Prachyakorn 2010). Furthermore, through

interviews with CSR supporting organizations and corporations including MNCs, Prayukvong and Olsen (2009) pointed out a tendency that Thai corporations considered CSR as a tool for boosting their images, not for sustainable development of the society. This trend led companies to practice CSR as the once-off activity, like the donation to the well-known charity, not a strategic CSR under the long-term plan embracing the social context. Therefore, CSR in Thailand has been described as the ‘embryonic-yet-growing stage’ (Kraisornsuthasinee and Swierczek 2009).

Despite these limitations, for the past few years, some cases of strategic CSR attempt have been reported. According to Srisuphaolarn (2013), CSR aiming at society development with integration it into corporate strategies has been found in domestic companies, such as Siam Cement Group (SCG), PTT, and international consulting companies. However, this ‘proactive CSR’ movement still has been limited to ‘large organizations with a strong impact to economy, society and environment’ in Thailand (Kraisornsuthasinee and Swierczek 2009, Srisuphaolarn 2013).

3.6. Korean MNCs in Thailand

3.6.1. CJ Thailand

3.6.1.1. Company Profiles / CSR Strategy of the Headquarters

CJ Thailand settled in Thailand first by the logistics business in 2006. Home-shopping and entertainment business have followed in each 2011 and 2015. Regarding CSR

strategy of the headquarters, the readers can refer to the part of CJ Vietnam (3.3.3.1.) as it is one of the overseas subsidiary of CJ. Like the case of CJ Vietnam, CJ Thailand also did not have its own CSR report and the dedicated workforce for CSR.

The job position of an interviewee was fulfillment (managing) director in charge of overall managing of a home-shopping business. GCJ, a home-shopping channel has been established as a form of the joint company with a Thai corporation (GMM), and ranked first with the largest market share at 32 percent in 2015. The interviewee has worked for CJ in Korea from 2003, and dispatched to Thailand from 2012.

3.6.1.2. CSR Activities (Donations / Tae-kwon-do Education)

The director of CJ Thailand defined CSR as the method of sustainable development. “First, corporations have an obligation to do ‘voluntary services’ as a giving back to the community it belongs to. Second, these giving back will return to us, as increased company recognition from customers and loyalty from employee to keep our business going.” The importance of the long-term CSR engagement was also stressed. “We do not expect our CSR activities could have some visible achievement within the short-term period. These days, companies hold so many CSR events, and customers are very familiar with it.”

Regarding CSR strategy, he drew a line between the mother company and them.

According to the director, the subsidiary should create its own CSR strategy

responding to the environment of the host country. “CSV (Strategic CSR) does not match with Thailand yet.” He told their failed attempt as an example for it.

The change of their CSR strategy can be described as a diagram (Figure 17). In 2012, the management in Korea suggested them to practice ‘one village one product’ project²³, but it ended in failure, as CJ Thailand could not find the qualified mass product in the rural area of Thailand. “After that, we tried to connect our business and philanthropy for several times, like a charity fundraising event by broadcasting in our home-shopping channel or saving donation credit for customers on the basis of their purchase amount, but we could not receive positive feedback from employees and customers. We realized that we should reflect the different CSR environments and preferences here.”

After then, CJ Thailand has concluded that company-centered donation or charity activities are more appropriate activities as CSR, considering opinion from employees in Thailand. He illustrated that ‘Education theme’ in their CSR intervention came from the host country’s view as well. “As we monitored the market trend, supporting schools or orphanages to improve their education is the most preferable CSR

²³ It is one of popular CSV (Creating Shared Value) projects of CJ O Shopping (home-shopping channel) in Korea. From 2007, it has introduced qualified, but unknown products, by a lack of distribution network in the rural region. So far, its sales reached approximately 35 million US dollars, and CJ provided broadcasting service without a fee. See http://english.cj.net/csv/csv_list/csv_list.asp.

program in Thailand. As I heard, this trend has been inspired by the royal projects which the Thai people admire.”

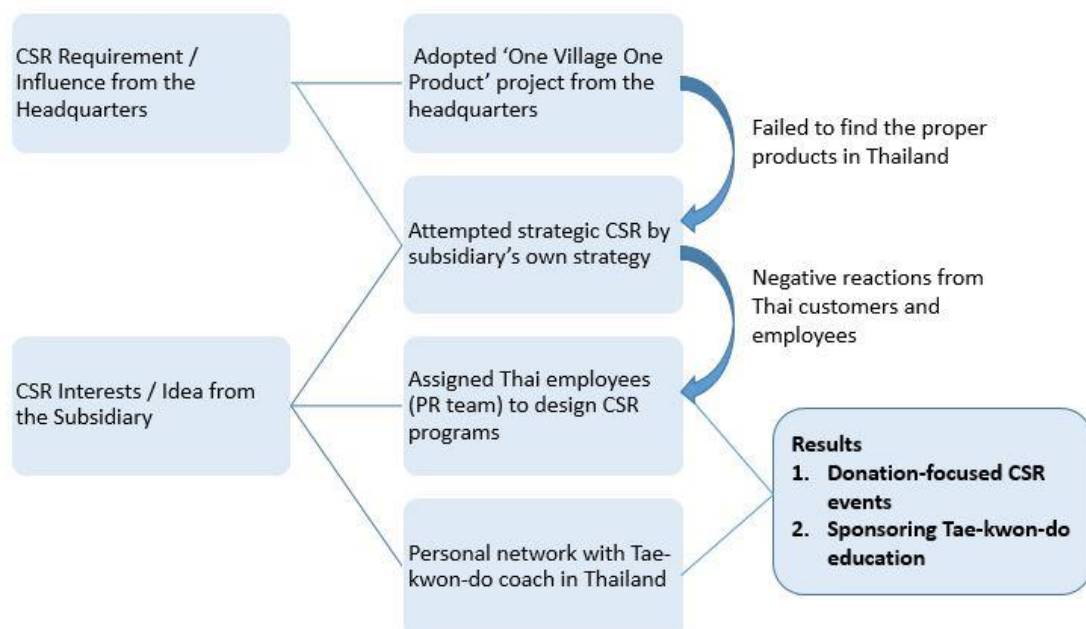


Figure 17. The change of CSR strategy of CJ Thailand (Source: In-depth interview, designated by the author)

The company has considered their employees as the significant partner in CSR. “Our PR team staffs are in charge of CSR organization. They search for foundations or schools in need of help and serving our purpose, and suggest to the management.

Then, we approve it through the discussion.” On the basis of employee’s opinion, they have donated goods (upon request of beneficiaries) to the different orphanages, schools and hospitals. After then, they sent pictures to local press.

According to the director, the management would like to donate to the one fixed foundation as the long-term sponsorship, however their employees objected that ‘It is unfair’. The management understood and accepted employees’ opinion that ‘donation means equal distribution for the needy’, as a part of Thai culture. Annual

company outings also have been replaced by an employees' volunteering event, like travelling with rural school students in February 2016 (Figure 18).



Figure 18. Company outing to ancient City in Samprakan, Thailand of CJ Thailand employees and rural school students as the CSR event (Source: CJ Thailand)

The another CSR program is the long-term sponsorship for Tae-Kwon-Do education from 2012, under the collaboration with Mr. Choi, Young Seok, who is the Thai national team coach. The collaboration was happened by their internal network.

“One of our supplier introduced Mr. Choi to us. We have taken sponsorship for him, to educate Tae-Kwon-Do (Korean Martial Art) to the rural school students.”

In 2015, CJ Thailand and Mr. Choi visited Ban-pang-dang school for children from low-income families in Chiang Mai province, to donate cloths. Then, under the title 'O Hug Rak-sukhapap Campaign' from 2016, the basic Tae-kwon-do education has been given to children (Figure 19). As a result, 8 children passed Tae-kwon-do

qualification through their education, and received opportunity to join Tae-kwon-do competition in Bangkok in 2017. CJ Thailand believed that it has significant meaning, as “Mr. Choi is a popular and influential Korean celebrity in Thailand”, and “Tae-Kwon-Do represents the image of Korea”.



Figure 19. Tae-kwon-do education program for rural children in Thailand, sponsored by CJ Thailand (Source: CJ Thailand)

In the budgetary allocation, the director denied to confirm the specific amount, just referring it as “not that big amount”. Then, he explained that it is set as a part of their business profit in Thailand, and the company “will expand it reflecting the increasing sales amount.” While the director could not provide any visible achievements from CSR activities, he strongly believed that employees’ loyalty and commitment has been increased through their CSR involvement.

3.6.1.3. Evaluation

CSR activities of CJ Thailand were implemented by the headquarters' requirement and influence, from the same period (from 2012 to 2013) with CJ Vietnam. The difference was that the subsidiary in Thailand was not able to localize strategic CSR, thus they imported CSR model from the mother company. Unfortunately, it ended as a failure because of the different domestic environment. After then, CJ Thailand tried to create their own strategic CSR, but they concluded that strategic CSR is not appropriate in Thailand, on the basis of reactions from their customers and employees.

It can be assumed why CJ Thailand decided to concentrate on the business settlement and unity of the organization through CSR. Their business just begun in 2011, unlike the subsidiary in Vietnam which had enough experiences and understanding about the host country from 2001. Hence, CSR activities of CJ Thailand heavily focused one-off charity or donation, following the market trend and employees' opinion, which are easily monitored. The sole long-term activity was sponsorship to Tae-kwon-do education. It is believed that the company would like to promote their image of 'Korea' by this activity, considering their answers ("Mr. Choi is a popular and influential Korean celebrity in Thailand", "Tae-Kwon-Do represents the image of Korea"). Thus, it is difficult to define it as the strategic access, which should aim at improving the business operation and the social contribution together.

3.6.2. Shin Shin

3.6.2.1. *Company Profiles / CSR Strategy of the Headquarters*

Shin Shin is manufacturing company under a private ownership structure. From Korea, the company has been in the long-term partnership with LG Electronics for over 30 years, as a subcontractor to supply exterior materials of electronic goods. Its overseas expansion has been supported by LG Electronics, to Thailand in 2007, and China in 2011. The company has not produced the CSR report, and the dedicated department for CSR was not exist.

Managing director was dispatched from headquarters to build their factory in Ra-yong in 2007, and still has been in charge of whole management in Thailand.

3.6.2.2. CSR Activities (Donations)

The director denied to accept the CSR term. Instead, he explained it as the social welfare activities for the community or employees. It came from CEO's business principle that "business chasing the income only causes the side effects." He mentioned that the religious background (Christianity) of CEO and the director, led them to have interests in the 'social welfare' for employees and community.

Ironically, their headquarters were not engaged in any CSR activities in Korea. The director answered the reason why is that the living conditions in the host country are more poor and underdeveloped.

Currently, the company has focused on the welfare for employees, such as providing a lunch, and rewarding the training opportunity at headquarters in Korea. They also have donated money to charity events to local orphanages and schools. According to the director, he was the only one who is engaged in all phases of CSR, including the beneficiaries and the amount of donation, without the fixed plan. “We are attending donation event for the local schools or orphanages holding by KOCHAM Thailand. In my memory, we did it four or five times last year, and the total amount was around 6,000 USD.” When his time is available, the director has attended to the delivery ceremony, as well. However, more involvement has not been happened, as the company does not measure the achievement or benefit, after their CSR activities. In fact, the company wanted to build the school for the ‘local community’. The additional building in the factory was built next to the main building, for the school purpose. “Our plan was teaching English with Christianity mission work to employees and community people.” CEO and managing director expected around 1.2 million U.S. dollars (USD) as the long-term budgetary allocation for the school operation, and planned to bring English teachers from Philippines.

Finally, it was misfired as the related regulation of Thailand does not allow the school to be located at inside the factory. The director said, they do not have plan to do other CSR activities, until their ‘school project’ find the way out.

3.6.2.3. Evaluation

From a headquarters, Shin Shin had a low level of CSR awareness. They considered CSR as ‘showing a mercy’, thus they recognized that CSR does not need in Korea, a developed country. It seems that their industrial characteristics affected it, as a subcontractor factory, they do not provide direct service to general consumers. Therefore, the company did not have interest in communication with external stakeholders.

3.7. Summary of Findings

3.7.1. Vietnam

Overall, three companies in Vietnam have revealed the existence of strong external pressures in their CSR motivations (Figure 20). They were all agreed that ‘as a foreign company, practicing CSR is essential in Vietnam’. In details, CJ Vietnam and PTV expressed the importance of building good relationship through CSR cooperation with the Vietnamese government for their business operation. At the same time, the governmental regulation was considered as the obstacle to their CSR expansion, according to CJ Vietnam (“The Vietnamese government does not allow the foreign company to establish a welfare foundation”).

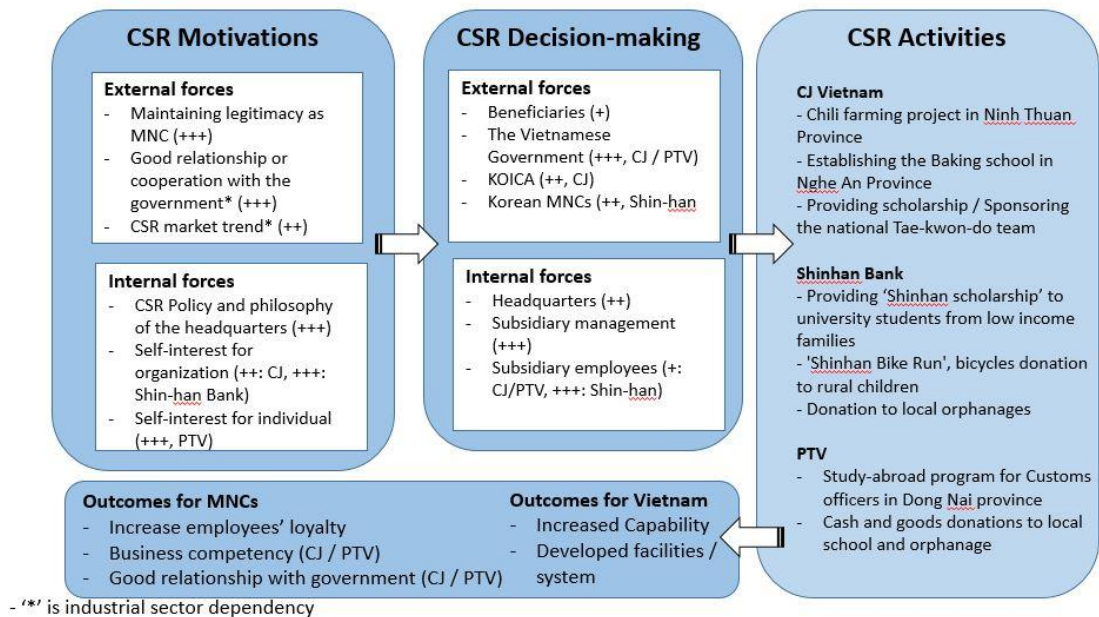


Figure 20. CSR process of interviewed companies in Vietnam (Source: in-depth interview of the study)

Besides, Shinhan Bank stated the fierce competition between MNCs' CSR activities in Vietnam, however other two companies did not mention it (CJ Vietnam) or denied it (PTV). Additionally, KOCHAM in Ho Chi Minh referred 'anti-Chinese protest' in 2014, to explain the strong public pressure to MNCs in Vietnam.

Subsidiaries of large MNCs, CJ Vietnam and Shinhan Bank inherited CSR framework from headquarters, but the detailed strategy was designed by Korean management in subsidiaries under the budgetary support from the mother company. In a small enterprise, PTV, the CSR term and strategy were created and emphasized by CEO directly. All three companies considered that their CSR activities contributed on good labor relationship with Vietnamese employees.

However, the level of importance in employees' participation was different, depending on the industry. For Shinhan Bank, which emphasized the teamwork in

the business, mentioned that employees' harmonization effect by CSR events was the one of the strong CSR motivations, and they encouraged employees to give ideas of CSR activities to the company. In the other two companies, employees' involvement in CSR was limited, as the level of the event participation.

Moreover, multiple external and internal forces existed in their decision-making channel of CSR. In the case of MNCs' subsidiaries, while various stakeholders (headquarter, subsidiary's management and employees) attended the process of CSR, they collaborated with the external parties; Vietnamese government and KOICA, or Korean NGOs in Vietnam. PTV, which has the sole decision-maker in CSR, also actively cooperated with the Vietnamese government in CSR.

While all three companies have practiced donation-based CSR activities, they showed the strategic access in CSR to improve their business competency and the local capacity together. Especially, CJ and PTV have implemented CSR as a business model via the collaboration with the government. As their projects aimed at not only relieving social concerns, but at enhancing business operations, the companies in Vietnam gained conclusive outcomes for the both host country and business.

3.7.2. Thailand

In general, two companies accepted CSR as the ethical obligation, as returning back of the partial profit earned from Thailand, to settle down their business for a long

time. However, this motivation was explained firstly by their self-interest or idea, rather than social pressures of the host country (Figure 21).

Regarding external factors in CSR motivations, CJ Thailand referred donation-centered activities of Thai corporations and loyal projects, as a result of analyzing the local preference of CSR.

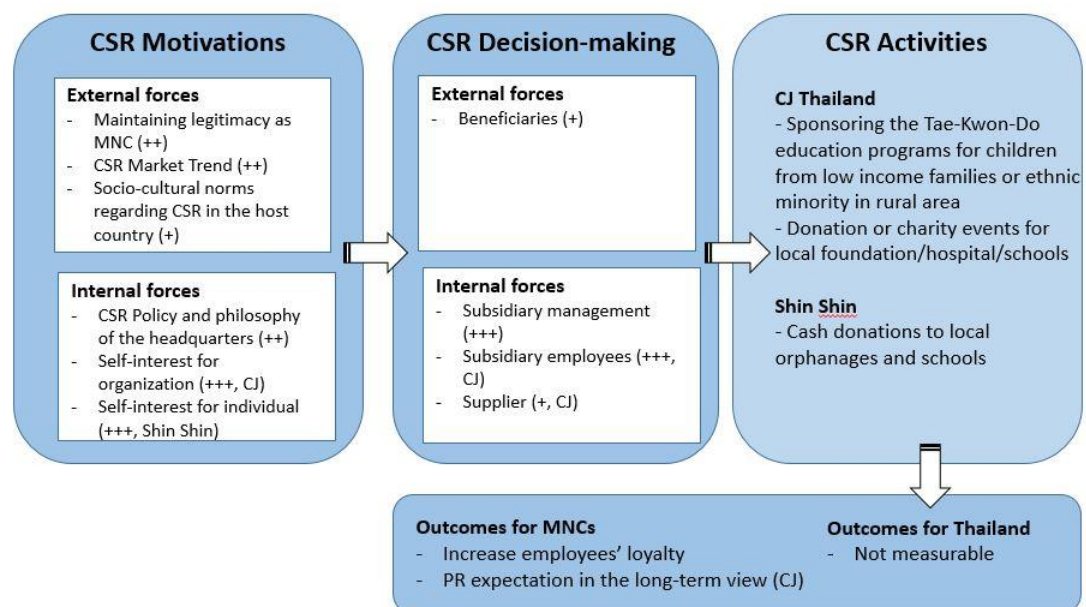


Figure 21. CSR process of interviewed companies in Thailand (Source: in-depth interview of the study)

In the decision-making process, the simple structure was seen. After the failure of strategic CSR implementation, CJ Thailand escaped from headquarters' influence, and gave the leading role of CSR to their employees. Their CSR activities were mainly monetary contributions or charity events in one-off base, which are difficult to measure the outcomes. Thus, it seems that the management found the strong motivations in CSR from increasing employees' loyalty, more than the community involvement. Enhancing its image to Thai customers by CSR activities was described

as a vague expectation in a long-term view. In Shin Shin, which the headquarters did not have CSR policies, it happened more extremely, as CSR was interpreted to ‘employees’ welfare’ to them, that is fully depending on the management.



Chapter IV

DISCUSSIONS

Table 6 is a summary of CSR activities and their characteristics. While all companies in the research practiced philanthropic activities in common, companies in Vietnam have shown the advanced step in CSR localization. According to the findings presented in the previous chapters, interviewed companies of both countries received the influence in the setting of CSR strategy from their organization and the host country.

Table 6. CSR activities and characteristics of all companies interviewed

Characteristics of CSR Activities	Companies in Thailand	Companies in Vietnam
Responsive CSR	CJ Thailand - Sponsoring the Tae-Kwon-Do (Korean Martial Arts) education program or events for children from low income families or ethnic minority in rural area - Donation or charity events for local foundation/hospital/schools	CJ Vietnam - Providing scholarship for students from low income families in Da Lat Province - Sponsoring the national Tae-Kwon-Do team in Vietnam
		Shinhan Bank

	<p>Shin Shin</p> <ul style="list-style-type: none"> - Cash donations to local orphanages and schools 	<ul style="list-style-type: none"> - Monthly cash or goods donations to local orphanages and charity - ‘Shinhan Bike Run’, bicycles donation to poor children in rural area, after the riding event by employees
Strategic CSR	N/A	<p>PTV</p> <ul style="list-style-type: none"> - Cash and used computers donations to local school and orphanage, near the company
		<p>CJ Vietnam</p> <ul style="list-style-type: none"> - Improving seed and irrigation system for Korean red chili farming project in Ninh Thuan Province - Establishing the Baking school in Nghe An Province
		<p>Shinhan Bank</p> <ul style="list-style-type: none"> - Providing ‘Shinhan scholarship’ caring educational expense, internship and job opportunity to university students from low income families
		<p>PTV</p> <ul style="list-style-type: none"> - Sponsoring the study-abroad program for Customs officers in Dong Nai province

4.1. Structural Vulnerability in CSR of Korean MNCs

Korean MNCs' subsidiaries in this research exposed structural vulnerability in the process for the sophistication and setting of CSR strategy, by the absence of dedicated workforce. All interviewed companies did not have CSR department at the local level. In the case of large corporations like CJ and Shinhan Bank, their headquarters have CSR departments, whereas HR/PR or management team took charge of CSR task in their subsidiaries. However, the headquarters still gave the duty to design CSR strategy to the subsidiaries. Meanwhile, SMEs had weaker structure, as CEO led the whole process of CSR.

The absence of the responsible CSR department is closely related to their CSR motivation, according to the literatures (Eweje and Bentley 2006, Jamali and Mirshak 2007). They described that MNCs tend to exclude CSR sophistication and strategy process via the responsible team, as their main purpose of CSR was exhibition of social responsibility in developing countries. In this research, MNCs' subsidiaries have also expressed the primary need of 'displaying the social responsibility' in CSR motivations, to gain legitimacy and credibility as a foreign company in the host country.

Due to the weakness in CSR structure, two companies in Thailand experienced the failure during a proactive CSR attempt earlier. It resulted from a lack of localization strategy in subsidiaries; the absence of external stakeholders to collaborate, and company-centered access without understanding the local information regarding the

supply chain (CJ Thailand) or the legal system (Shin Shin) of Thailand. By this failure, CJ Thailand concluded that strategic access in CSR is not appropriated for Thailand, and Shin Shin also changed their direction of CSR activities to charity events and employee welfare, rather than community involvements.

It is controversial that large MNCs in this study have shown a big gap in CSR between the headquarters and overseas subsidiaries. While MNCs emphasized the social responsibility in economic, ethical, legal and philanthropic areas, aiming at sustainability under the dedicated work forces in the home country, the overseas CSR still aimed at demonstration effect. It resulted from a lack of CSR strategy of overseas CSR activities, under the shortage of financial and human resources. Consequently, it brought a loss to both the company and the host country, as the case of CJ Thailand and Shin Shin revealed that their CSR potentials were not used for the society.



4.2. Philanthropy-dominated CSR Conceptualization

All interviewed companies accepted that CSR and philanthropy (or, voluntary actions) are equal, and placed a high level of importance on philanthropic responsibilities. From a view from Korean MNCs of this study, philanthropic responsibilities have significant value in Thailand and Vietnam. This trend is in accordance with the CSR pyramid by Visser (2005), which stressed philanthropic responsibility after economic responsibility in the context of developing countries in

Africa, and **does not coincide in Carroll's CSR pyramid from the mainstream CSR literature.**

This high priority of philanthropic responsibilities can be explained firstly by the domestic factors of the Thai and Vietnamese society, such as the high socio-economic needs (Vietnam) and cultural perception of CSR (Thailand), according to the explanation from multiple respondents in this study. More details will be described in the next section (4.3.).

Besides, the interviewed companies mentioned self-interests of their organizations in philanthropic activities. All interviewed companies stated that their CSR terms were influenced by the CSR philosophy of the headquarters (large corporations – CJ and Shinhan Bank) or the personal philosophy of management mainly by CEO (SMEs – Shin Shin and PTV). In addition, they agreed that their philanthropic activities contributed on increasing employees' loyalty and commitment. Thus, it is believed that philanthropy-dominated CSR conceptualization occurred not only by domestic factors of the host country, but also by organizations' self-interest for their organization. As a result, all interviewed companies were involved in monetary contributions or charity events in one-off base, which are difficult to measure the practical outcomes, but certainly self-fulfilling.

4.3. Domestic Environment Influenced CSR Activities

Table 7 illustrates the domestic factors mentioned by interviewed companies regarding their CSR motivations, decision-making and activities. They are categorized into four dimensions: political, institutional, business and sociocultural.

Table 7. Summary of domestic factors affecting Korean MNCs' CSR

Factors	Korean MNCs in Thailand	Korean MNCs in Vietnam
Political Dimension	Not necessary to have relationship with the government	CSR is a significant mean to build relationship with the government
	CSR promotions from government agencies focused mainly on domestic companies	Governmental CSR promotions extended to MNCs, particularly Korean MNCs
	Social involvement of the local community does not require the governmental approval	Legal limitations in the social involvement, as a socialist state
	Low pressure and expectation on MNCs' social contribution	High pressure and expectation on MNCs' social contribution (Nationalism)
Institutional Dimension	Limited role (technical cooperation / rural highland areas) of ODA and NGOs' activities from Korea, due to the development status as an upper middle-income country	Active ODA cooperation with Korea in the entire country including the big cities, due to the development status as a ODA recipient country

	which is the both provider and recipient of ODA	
Business Dimension	Donation-based CSR trend, under volunteer CSR atmosphere	Competitive CSR trend among MNCs
Sociocultural Dimension	The general notion and preference of CSR rooted in the tradition of the patronage system, royal project and sufficiency economy philosophy	Positive reaction from employees, on the basis of tradition of the mutual help, and collectivism in the society

4.3.1. Political Dimension

The interviewed companies in Vietnam commonly described the high pressure and expectations on CSR activities of foreign companies, from the Vietnamese society including the government and the public. In general, MNCs in developing countries experienced the CSR pressures from the outside, such as international institutions, stakeholders and parent companies (Belal and Momin 2009). However, in the case of Vietnam, Vietnamese society takes a larger part of the outside force in CSR, to Korean MNCs. It is believed that active governmental CSR promotion, high public expectation to MNCs, and nationalism movement contributed to forming the high CSR pressure, according to the interview and secondary sources.

Especially, the Vietnamese government played a key role in the case of strategic CSR to Korean MNCs. Their CSR promotion has not been remained as providing a tax benefit, but advanced to monitoring and rewarding, such as rating MNCs' CSR activities to choose the business partner for public projects (Jung and Choi 2016), and presenting Vietnam-Korea CSR award.

Furthermore, according to the interviewed companies in this study, collaboration with the government in CSR happened to overcome legal limitations in community involvements in a communitarian society, and strengthened the relationship with a control tower for their business by responding to government's demand in CSR. CJ Vietnam and PTV mentioned the importance of building cooperative relationship with the Vietnamese government, as below.

By the political structure of Vietnam, MNCs need to actively display their contribution to the society by CSR activities. (...) Our collaboration with the government in CSR strengthen the cooperative relationship with them. (CJ Vietnam)

In our industry, maintaining friendly relationship with the government is considered as business competence. (...) By our CSR program, we established a good rapport with Dong-nai Customs Office. (PTV)

On the other hand, the one in Thailand did not mention the political factors in Thailand; Regarding their CSR motivations, decision-making and activities. The social pressure on CSR, governmental restriction on the local community, or strong

motivation to build a favorable relationship with the government were not evident as in Vietnam. In addition, the Thai government has not shown the leading role in CSR promotion for MNCs, except providing a tax privilege. Looking at the history of CSR development in Thailand, the government and the private sector such as the Thai business organizations and institutions, have worked together for promoting CSR policies and implementation, aiming at increasing CSR awareness and actual performances of Thai companies. Meantime, MNCs' CSR activities rarely have been monitored, despite the huge numbers of MNCs in Thailand.

Above findings suggest that, the different level of social pressures and governance role on CSR promoted strategic and localized CSR. While the companies in Vietnam had wide CSR target as the whole country, the companies in Thailand of this study showed a tendency to narrow down their CSR target. CJ Thailand, for instance, considered Thai customers and employees as CSR target, but they placed more weight on 'increasing employees' loyalty' as their main interest of CSR. Meanwhile, CJ Vietnam considered 'Vietnam and Vietnamese people' as the target of CSR, as the Vietnamese society requiring more active CSR involvements from MNCs.

Furthermore, the partnership with the Vietnamese government has been the driving force to design and implement strategic CSR to the companies in Vietnam (CJ Vietnam / PTV), as a form of Public-Private-Partnership (PPP). In a socialist state with strong legal control, the interviewed company in Vietnam grasped the local need by the direct communication with the government, or from their business difficulties

caused by a lack of local capacity under the governmental support. However, the companies in Thailand remained in the closed decision-making channel; consisting of Korean management and local employees in the subsidiary (CJ Thailand), or a Korean director who is sole decision-maker of CSR (Shin Shin).

4.3.2. Institutional Dimension

The number of Korean institutions which can be the collaborating partners for Korean MNCs, are contrasting between Vietnam and Thailand, by the different level of development. In Vietnam, the Korean governmental agency for operating ODA (KOICA) and Korean NGOs have been involved in CSR projects as the external partners of interviewed companies. Especially, KOICA has encouraged Korean companies to attend ODA programs as a PPP model, under the name of ‘Global CSR Program’ from 2010. ‘Chili Farming’ and ‘Baking School’ Projects under the collaboration with CJ Vietnam have been referred as the successful cases of ‘Global CSR Program’ in their web site. In the case of Shinhan Bank, it sponsored Korean NGOs to establish vocational school in Ho Chi Minh, which responded to their CSR theme, education.

In Thailand, many international NGOs including Korean NGOs, have concentrated on projects in underdeveloped rural area, like highland in Northern region of Thailand, which is not known to most Korean companies in the cities, such as Bangkok, Chon-buri, and Ra-yong. Furthermore, since Thailand became an upper middle-income

country, KOICA in Thailand has taken the limited role focusing on technical training in Thailand, whereas KOICA in Vietnam has taken a role of total support for the social development.

4.3.3. Business Dimension

According to the interview, competitive CSR trend exists among MNCs in Vietnam, by the urgent ODA need and high social pressures on CSR. As related literatures (Bilowol and Doan 2015, Nguyen et al. 2015, Meissner and Hung 2008) described, MNCs in Vietnam are the most active CSR players, whereas domestic companies have shown low level of CSR awareness and performance. Shinhan Bank presented that it acted as another driving force to their CSR as follows.

In Vietnam, practicing CSR is like cutthroat competition. It is like, every companies must do, and even benchmark each other if there is a successful model or case.

In the case of Thailand, many domestic corporations have already been involved in CSR activities by the government and public sector's effort from 2000s. However, 'most of the companies were engaging in donation-based CSR', such as 'offering scholarships, fund-raising for hospitals and help-the-victims-of-disasters donation programs' (Srisuphaolarn 2013), except a few leading companies. This CSR feature in the market could be misunderstood by foreign observers. CJ Thailand mentioned

that they think the ‘most preferable way of CSR in Thailand is donation’ on the basis of the market CSR trend that they observed.

4.3.4. Socio-cultural Dimension

The sample of companies within the current study revealed the different level of importance of socio-cultural factors in CSR, between Vietnam and Thailand. The companies in Vietnam found positive reactions and greater loyalty from their Vietnamese employees by their CSR implementation, and they assumed that it comes from employees’ socio-cultural background. The companies in Vietnam gave the interesting comments, analyzing the reason related to the Vietnamese culture as follows.

As an agricultural society consisting of large families, I believe that

Vietnamese have a spirit of mutual help. (CJ Vietnam)

Vietnamese employees really love to participate in company’s CSR events,

even it is on the public holiday. In my opinion, they regard helping each

other in the society as a natural action, and feel comfortable acting as a

group. (Shinhan Bank)

By extension to CJ Thailand, socio-cultural factors in Thailand affected their decision-making process in CSR. Socio-cultural factors were the other foundations that CJ Thailand mentioned, for the reason why they consider that strategic CSR is not appropriate for Thai society. The company explained that their localization in CSR

strategy has been affected by market CSR trend and employees' CSR opinions as below.

I believe that most Thai corporations are practicing philanthropy as their CSR activity. Charity on the education field like schools and orphanages is the most popular way, following what the royal project did. (...) Here, it is believed that the rich (or, the haves) should dispense their wealth to the needy.

According to our employees, long-term support on one foundation is not reasonable, as the 'donation' means 'sharing with others equally' for them. We respect their opinion, as they represent the preference of the Thai society, as the part of them.

The related studies (Prayukvong and Olsen 2009, Rajanakorn 2012) pointed out that CSR has been accepted as corporate philanthropy and volunteering in Thailand, which were influenced by the patronage system, royal projects and sufficiency philosophy. It seems that the public preference of CSR was formed on the basis of these socio-cultural factors in Thailand, and the company just followed the market trend and the general notion of CSR in the host country, by the absence of external stakeholders and specific localization strategy.

4.4. Influence and Support from Headquarters

4.4.1. Headquarters' CSR Policy and the Subsidiary

According to findings, domestic factors and subsidiary's own decisions greatly contributed on the development of strategic CSR to the companies of this study.

Meanwhile, it seems that the connectivity with the headquarters remained as the one of important factors affecting CSR strategy of the interviewed company.

Especially, in the case of MNCs (CJ and Shinhan Bank), many CSR activities of subsidiaries were responding to the values that the mother company aimed at. For instance, CJ Vietnam answered that they found the motivation of Chili farming project from the recommendation of the government official. However, comparing it with CSR value chain of the headquarters (Figure 22), Chili farming project still absorbed lots of values which the mother company targeted to achieve through CSR activities. Thus, it could be assumed that CJ Vietnam designate this project on the basis of CSR framework from the headquarters.

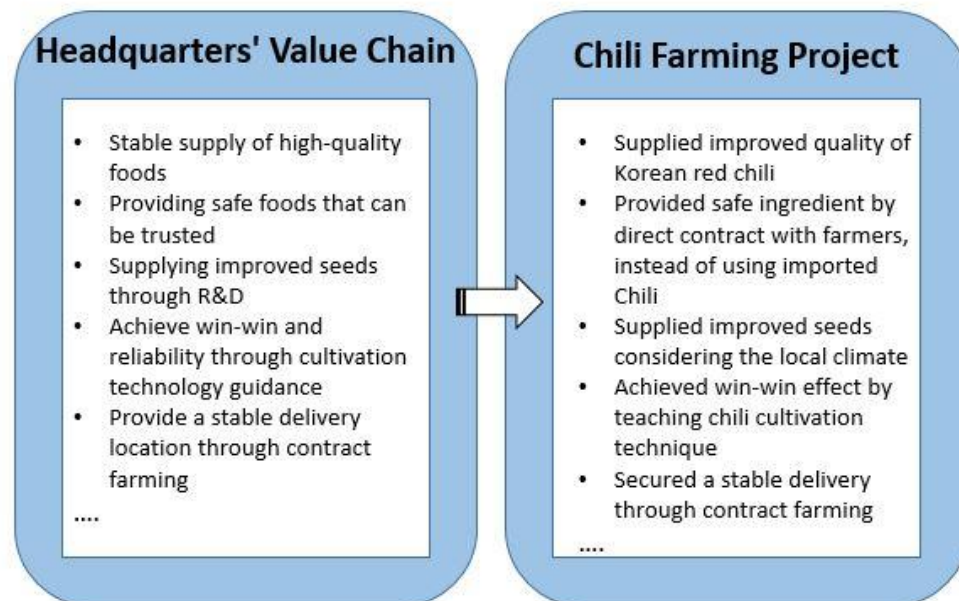


Figure 22. CJ's CSR value chain and achieved value through chili farming project of CJ Vietnam (Source: CJ Sustainability report and in-depth interview, edited by the author)

Moreover, donation or charity events of CJ Vietnam and CJ Thailand focused on the education field. In CJ Vietnam, it was practiced as a providing scholarship. CJ Thailand donated goods to the school and sponsored Tae-kwon-do education. Although CJ Thailand mentioned that it was influenced by CSR preferences of the host country, it still reflected the interest of the mother company, considering the education-focused donation activities in Korea.

The connectivity with the mother company in CSR also can be seen in Shinhan Bank. While a subsidiary of Shinhan Bank set the 'education theme' by subsidiary's decision, a deep interest on 'employees' and 'environment' was revealed in CSR strategy of the headquarters. 'Shinhan Bike Run', a bicycle donation event, was

introduced as an employee's idea during in-depth interview, but it seems that the idea was adopted, as it describes pursuing value of the headquarters well.

4.4.2. Headquarters' Budgetary Allocation and the Subsidiary

MNCs' headquarters in the study did not equally balance the budgetary allocation to subsidiaries. CJ Thailand was separated from the headquarters' influence in CSR, as they decided to practice donation-based activities only, instead of adopting the two tracks strategy (strategic CSR and donations) of the mother company. However, CJ Vietnam fully implemented the strategic CSR framework, and received the budgetary support from the headquarter. Shinhan Bank also has been supported by its parent company for the CSR budget.

This finding suggested that strategic CSR of Korean MNCs' subsidiary could be implemented not only by the cooperation with external stakeholders and localized CSR strategy, but also by enough budget or financial support from headquarters.

4.5. Different Social Value of CSR

Domestic factors in Vietnam and Thailand which were discussed in the chapter 4.3. (Domestic Environment Influenced CSR Activities), largely contributed to create the different public awareness and the role of CSR in their society. Thus, it can be assumed that MNCs' CSR is not immune from distinct social value of CSR in the host country.

Firstly, in Vietnam, the notion of CSR was imported from the western countries in 1990s after the economic reformation, and developed as a tool for the social development in a one-party Communist state. Government's interference or leverage in CSR can be found in the report or the actual CSR cases of MNCs in Vietnam. For instance, Fukada (2007) reported, "the Vietnamese government made clear to us (Japanese companies) its strong hope" that Japanese corporations will introduce their eco-friendly technologies and management systems to Vietnamese corporation as CSR. As CJ Vietnam's case revealed, it seems that the government has acted as a strong mediator to connect MNCs' CSR to their national development plan.

As a result, looking at actual cases of various MNCs in Vietnam, many of them have been directly or indirectly connected with the Vietnamese government. The Dow Chemical Company, the winner of the American Chamber of Commerce (AmCham) CSR Recognition Award in 2016, have provided water purified system to rural schools and hospitals, under the collaboration with the People's Aid Coordinating Committee (PACCOM), which is the government's coordinating body for ODA and NGOs in Vietnam. In Korean MNCs, although it is not directly working with the government like CJ Vietnam, it is easy to find CSR activities responding to the government's development plan, such as signing MOU with local universities to operate technical

education programs (Samsung) or sponsoring national project or campaign (Miwon sponsored 'Cow bank'²⁴).

In Thailand, although the name of CSR has been widely diffused after 2000s, philanthropic activities and donations from the business had a long history, and it is believed that still CSR has reminded Thai people of their cultural tradition, 'Giving and sharing' or 'donation'. The donation culture has been a significant part of Thai people's life. Thai people are taught to make donations to monks and those in need, in the Buddhism belief that they will get as a return (Sthapitanonda 2015). Hence, charity or donation has become the representative way of CSR in Thailand. For example, General Motors Thailand (GM) which received the AMCHAM CSR Excellence Recognition from 2012 to 2016, mainly mentioned varied donation activities as CSR activities in their website. It included school library donations, sponsoring One World Play Project (donating balls to children in disadvantaged communities), and donation to local orphanages, hospitals, schools for children with special needs. Korean MNCs, Samsung and LG also reported donation activities via their website in Thailand, such as donation of educational equipment and materials to elementary schools (Samsung) and blood donation by employees (LG).

²⁴ It is giving a cow to a poor rural household for their long-term income increase, which was initiated by a former president of Vietnam Truong Tan Sang (EmbassyOfTheRepublicOfKoreaInVietnam 2014).

Chapter V

CONCLUSION

In summary, all interviewees in this research saw CSR and philanthropic activities as equal, and did not have their own dedicated CSR department or CSR policies.

Furthermore, Korean MNCs' CSR in this study largely focused on displaying their social responsibilities by monetary contributions, responding to the strong self-interest, as well as the actual needs from the host country. These organizational limitations are consistent with the previous studies on MNCs' CSR in developing countries.

However, despite this unsystematic and low-focused CSR approach, different domestic environment between two countries affected their CSR development. The high social pressure on MNCs' CSR in Vietnam, and the existence of active external partners including the Vietnamese government, the Korean governmental agency and Korean NGOs, have become the driving forces for strategic CSR movements. PPP model through the cooperation with the Vietnamese government allowed companies to identify the local CSR needs, and improve their business competence by growing local capacity through strategic CSR projects.

On the other hand, according to secondary sources and interviews, Thailand had the autonomous CSR atmosphere and low CSR burden to MNCs, as the CSR term developed on the basis of the traditional culture. Moreover, the national effort for

CSR promotions has been heavily focused on domestic corporations. In these environments, interviewed companies in Thailand exposed problems in finding the right external partners or identifying the local CSR need. As a result, they narrowed down the scope of CSR to the employees' event (CJ Thailand) or employee welfare (Shin Shin).

Consequently, while companies in Vietnam successfully adopted the strategic approach in philanthropy from headquarters with their budgetary support, companies in Thailand could not match their CSR activities to their business operations. Thus, their budget and interest in CSR were not fully making, or being able to make use of its CSR potential in the Thai society.

Finally, it is significant to note that the findings of this study should be considered with more concerns for several reasons. Firstly, there are great gaps in numbers and market forces of Korean MNCs between the two countries. According to the Vietnamese Foreign Investment Agency, the number of Korean corporations in Vietnam reached almost 4,500 in October 2016, which is fifteen times more than those in Thailand at the same time. In addition, as a top investor in the Vietnamese economy, it can be assumed that Korean MNCs have broader and more active social connections in Vietnam, inclusive of the intimate relationship with the government. Secondly, CSR interest can be influenced by the organization culture and industrial difference. In the research, CJ and Shinhan Bank, which directly provide service to

domestic markets, had CSR awareness, and recognized its importance on the basis of CSR philosophy from the headquarters. However, Shin Shin, which is a subcontractor for both domestic and international markets, even denied to accept the CSR term. In addition, regarding CSR competition in the market, Shinhan Bank reported that it is fierce in the banking industry, but PTV mentioned no CSR competition existing in logistics industry. Therefore, the future research needs to focus on the perspective of specific industries or lines of business.

5.1. Key Recommendations

Overall, in Vietnam, it seems that the political purpose to utilize the governmental influence has become the significant element in CSR motivations and decision-making process of Korean MNCs. However, it is difficult to describe that this approach is the proper and sustainable way of CSR; Encouraging the increase of transparency in business practices would be preferred. Although Korean MNCs of this research achieved successful strategic CSR case by localization using the PPP model, they also need to consider the collaborations with other private partners like international organizations or NGOs in the future.

Korean MNCs in Thailand need to find the external partners in the setting of CSR strategy, aiming at strategic CSR which can bring greater benefits to both business and society. Several PPP cases exist in Thailand, arranged by international or local NGOs.

According to Frank (2004), NIKE corporations launched 'NIKE Village Development

Project', under the collaboration with the Population and Community Development Association (PDA), the NGO in Thailand. In Northeast region of Thailand, the company, PDA and the regional government cooperated for establishing the various projects to enhance villagers' capacity, such as microcredit for business and providing the job training. Recently, a Korean MNC, Samsung Construction and Trading Corporation (Samsung C & T) had a collaboration with the international NGO in Thailand, for their global CSR activity. The international NGO introduced Ban Bueng vocational school in Chon-buri to them, which was in need of renovation and establishing new building. By this project, Samsung C & T and its sister company, Samsung electronics provided not only facilities, but the technical education and internship opportunity to Thai students (PlanKorea 2016), who can be skilled manpower for their business in the future.

5.2. Contributions of the Study

Globalized business leading by MNCs have brought economic development and inequality together to the developing countries in Southeast Asia. Numerous claims have been made about their CSR contribution and the actual impact to the social development of the host country (Blowfield and Frynas 2005). Numbers of studies have stressed the significance of long-term CSR involvement in the perspective of host country for MNCs (Utting 2003, Ward et al. 2007, Majumdar 2008, Dartey-Baah

and Amponsah-Tawiah 2011, Amini 2015, Dobers and Halme 2009), but the host countries' influence on MNCs' CSR has been unaddressed.

This study sheds light on how different aspects of host country environment affect the CSR strategies of MNC, on the basis of the cases of Korean MNCs in Thailand and Vietnam. According to the findings, Korean MNCs in Vietnam in the larger CSR burden by the political aspect in the Vietnamese context, performed strategic philanthropic activities, which respond to the social issue and requirement of the host country.

They had not much difficulty to connect with the outside stakeholders, and

recognized the local government as the object of solidarity and cooperation in CSR.

In Thailand, Korean MNCs accepted CSR in Thailand as the part of Thai culture, which is on voluntary basis. Comparing with the one in Vietnam, it looks that Korean MNCs were isolated from the host country's influence in political/economy aspect. As a result, their CSR strategies were more closely tied to 'responsive CSR', which means one-off events or short-term philanthropy.

By this study, it is believed that the result contributes on improving and developing CSR strategies of Korean MNCs (or MNCs). They could prepare localization process and its expected problems in CSR implementation. In addition, the result allows to assume that the governance role of the host country can boost the CSR development of MNCs.

For Korean government, the findings show that the distinctive way of overseas CSR promotion is required, depending on the host country. Although the Korean

government has encouraged Korean MNCs to do more overseas CSR via national support, their CSR promotion strategies have neglected the detailed understanding of country-specific character (POSRI 2012).

In the case of Vietnam, it is believed that many large Korean MNCs are actively involved in CSR by the collaboration with the Vietnamese / Korean governmental agency. However, the side of SMEs under the tight CSR budget has been hidden, behind the large size of PPP models. Meanwhile, Korean MNCs in Thailand face the difficulty in finding the appropriate external partners in CSR to grasp the local need. In this sense, the government can be a bridge connecting qualified local or international NGOs and companies in Thailand, to encourage strategic CSR of Korean MNCs.



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APPENDIX

Appendix 1. In-depth Interview Questions

1. CSR activities and strategies

- 1) How does your company (organization) define CSR?
- 2) Regarding CSR, would you explain the strategy of your company (organization)?
- 3) How this strategy has been started and developed? And, how it is communicated with stakeholders? (For example, by top-down way from owner or the head company)
- 4) How do you encourage local stakeholders to involve to your CSR program?
- 5) What are the difficulties during the strategy setup?
- 6) Have you heard about long-term sustainability (Or, is your company's CSR related to the sustainability strategy)?
- 7) What is the goal your company (organization) would like to achieve by CSR activities?
- 8) What are the difficulties found in implementing the activities?
- 9) By your evaluation, what was the real achievement from CSR activities so far?

10) What is the budget portion for CSR as compared with the overall budget of your company (organization)? Is it fixed budget, or flexible budget?

2. CSR and domestic environments of Thailand and Vietnam

1) **(To companies only)** Would you briefly introduce CSR activities in Korea?

(To supportive organizations only) What is the overall impression of CSR by Korean companies here?

2) In your opinion, what are the differences between the characteristic of social environment and culture of Thailand (Vietnam) and Korea, regarding the whole process of CSR?

3) Does your company (organization) reflect the mentioned characteristics in the CSR strategies and activities? If yes, please give an example of the actual running? If not, what are the other factors that have a strong influence on CSR?

4) What are the key activities your company (organization) is doing for CSR?

5) How does your company (organization) deal with the challenges from the social environment and culture, during the process of CSR? Do you think these challenges will be an obstacle or an opportunity to your company (organization)? Why?

- 6) Comparing with Korea, do you think CSR activities are more important in Thailand (Vietnam)? Why? If not, what is the main reason you need to practice CSR here?



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