

CHAPTER IV

CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

The objective of this research was to study the situation of Corporate Social Responsibility (CSR) practiced among Thai businesses, particularly regarding limitations and constraints to companies wishing to improve their environmental practices. It also aimed to look for policies that would encourage or provide motivation for CSR practice in Thailand. The study focused on the context of Thailand as a developing country, and how this situation affects the adoption of the concept and practices of CSR by Thai businesses.

Regarding the situation of CSR practice in Thailand, the study reveals that CSR in Thailand has gone beyond the initial stage, and there was a convergence on the understanding of the concept among all participants. In particular, all three business organizations interviewed held a social or public perspective of CSR, and all participants mentioned stakeholder involvement as a key part of corporate social responsibility. In their actual practices also, all three business organizations engaged in activities at all levels of social involvement. However, the findings represent only the views and practices of the most advanced companies in Thailand in terms of CSR practice. As mentioned by the respondent from TEI, the majority of Thai businesses are still concerned only about making profits or maintaining economic survival, with little concern for social or environmental responsibility.

With regards to constraints and limitations, the findings revealed discrepancies between large and small business organizations, as well as variations across sectors. The case of the smallest organization confirmed the original hypothesis that Thai companies are likely to face many constraints to beyond-compliance environmental practices due to the extra costs, such as the cost of environmental certification, as well as from the lack of supportive environment, such as the lack of stringent enforcement of environmental regulations by public authorities. The larger companies, however,

reported no such difficulties. The study also found that there is still a lack of consumer awareness on the issues of CSR, although there is a small, but growing, number of environmental-conscious consumers, as seen in the case of the Community-Shared Agriculture group. However, this trend is likely to have a positive effect on a small number of businesses that sell to a niche market, rather than to the majority of mainstream businesses.

Concerning the role of public policy, the findings refuted the initial hypothesis that there is a lack of policy or public organization to address the issues of CSR. In fact, there were many attempts by both the Thai government and civil society organizations to provide both a rational (calculus) and normative (cultural) environment for CSR practice. This includes, for example, the establishment of the CSR Promotion Center as a platform for dialogue among stakeholders or the promotion of environmental standards, such as the ISO 14001 and the Green Label, by the Thailand Environment Institute and Thai Industrial Standard Institute. There were also tax-incentives designed to encourage or compensate for some areas of CSR practice, mainly charitable contributions and philanthropy.

However, the findings revealed that there are variations in government policy across different sectors. For some sectors, in this case organic agriculture, there is a lack of regulatory measures by public authorities to promote or compensate good environmental practice, with contradictory practices within the same ministry. In general, support for good environmental practice is given only to those sectors that are earmarked for export. These findings and analysis explained why CSR practice in Thailand is still confined to a small group of companies, and cannot be adopted by the majority of Thai businesses. The difference between various sectors also accounts for the different approaches adopted by the businesses in the case-studies. While the larger companies in the energy and industrial sectors adopted a rather conventional, 'reformist' approach in their practice of CSR, the smallest organization from the agricultural sector adopted an alternative or 'radical' approach to CSR practice.

While there is no right or wrong way to practice CSR, the radical approach would benefit small-scale enterprises with limited resources in a number of ways. First, it does not rely on western technologies or methods of environmental protection

which are usually too expensive for a small company to afford. Second, it allows local communities to preserve traditional or indigenous methods of environmental protection, which is more suited to the local context. The radical approach often uses resources that are available in the community, and can be used as a tool to strengthen ownership in local businesses. When projected on an international scale, this implies that developing nations should be allowed to find the method of environmental protection that is adapted from their own local context and knowledge, instead of relying solely on western technology and standards. Due to the lower cost from using local resources instead of foreign imports and its contribution to preserving traditional knowledge and practice of environmental protection, the radical approach is likely to be the most appropriate form of CSR practice for businesses in a developing country.

4.2 Recommendations

As the concepts and practices of CSR are being widely promoted by Thai public authorities, academics, as well as non-governmental organizations at the moment, the next few years should be a crucial stage in the development of the CSR movement in Thailand. Appropriate measures taken by those involved would ensure that CSR practice in Thailand would become an effective mechanism for environmental protection, instead of a useless, maybe even harmful, practice that does not provide any actual benefits.

The increasing public awareness of the gravity of current environmental problems, particularly the threat of global warming, should give us reason to hope that human productive and economic activities would be pursued in an entirely different manner from now on. The practice of CSR is one of many tools that are being used to address current environmental problems, although there is recognition by those involved that there are still adjustments that need to be made for CSR to be sufficiently effective (Parent et al., 2004). Pressure from international civil society, such as environmental or consumer NGOs, are also pushing for more social involvement and accountability in CSR practice (Parent et al., 2004).

The following are recommendations to the Thai government, business sector and civil society regarding CSR practice in the environmental domain, based on the findings and analysis of this thesis. Most important of all, there should be recognition that the social and environmental problems of today must be solved through participation by all sectors, public, private, as well as civil society. Therefore, each of these various actors should work to support each other to address these crucial problems in the future.

4.2.1) The Public Sector

- The Thai government should ensure that current environmental regulations make businesses pay for the true environmental costs of their operations, and that those regulations are strictly enforced. This would provide the regulatory framework that is necessary for CSR practice
- There should be more support for Thai environmental standards, such as the Green Label, which are more suitable to the local context and more affordable to the majority of Thai businesses than international standards and labels. This could be done through more promotion or public campaigns
- There should be an environmental standard or code of practice for as many industrial sectors as possible, not only for those that are earmarked for export. This would ensure there no gaps between different industrial sectors regarding environmental practice
- The costs of business environmental certification or label for small-scale enterprises should be partly subsidized by the government in order to ensure that all Thai businesses have equal access to these instruments, and can benefit from good environmental management
- Further promotion of CSR in Thailand should emphasize the social view of CSR, which regards CSR as a mechanism to provide relevant stakeholders more accountability over corporations.
- The government should establish methods such as the Corporate Social Responsibility Index or the Green Claims Code to evaluate business claims of corporate social responsibility

4.2.2) *The Business Sector*

- CSR practice by business organizations should be verifiable in order to gain the public trust. As at the moment consumers and civil society organizations are starting to realize that some corporations make claims for environmental protection that are not followed by actions, finding methods to verify CSR practice is crucial in order to prevent a public backlash
- These methods, however, should allow for different ways of interpreting CSR practice, including what Scholte termed a 'radical' approach, in which alternative ways of environmental protection are explored. As Thailand has a rich cultural tradition in which people live in respect with nature, we should allow these traditional methods to contribute to future innovation of how to balance between economic activity and environmental protection

4.2.3) *The Civil Society Sector*

- Thai civil society should follow the example of their western counterparts in demanding more social and environmental responsibility from businesses. This can be done through organized movements, education campaigns, and third-party verification schemes. This may be one of the most crucial actions to take, as the companies interviewed in the case-studies stated that consumer demand is the most important factor for the emergence of CSR practice
- Thai consumer organizations should create further awareness in Thai society of how consumers can contribute to good business environmental practice by choosing what they buy. This can be done by promoting and giving information on environmental labels or product certification to the public so that consumers can make the most informed choices