

The Role of Culture in Corporate Social Responsibility Practices in ASEAN:
The Cases of Malaysia, Philippines, and Thailand

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กิล มาร์ก ดาอูส มาริโอโน : บทบาทของวัฒนธรรมในการดำเนินงานด้านความรับผิดชอบต่อสังคม (CSR) ในอาเซียน: กรณีศึกษาประเทศมาเลเซีย ฟิลิปปินส์ และไทย (The Role of Culture in Corporate Social Responsibility Practices in ASEAN: The Cases of Malaysia, Philippines, and Thailand) อ.ที่ปรึกษาวิทยานิพนธ์หลัก: ดร. ทรายแก้ว ทิพากร, อ.ที่ปรึกษาวิทยานิพนธ์ร่วม: ผศ. ดร. สมพร กมลศิริพิชัยพร, 262 หน้า.

เอเชียตะวันออกเฉียงใต้เป็นแหล่งรวมระบบความเชื่อ แบบแผน จารีตประเพณี และวัฒนธรรมที่หลากหลายซึ่งมีอิทธิพลต่อการดำเนินชีวิตของผู้คนในภูมิภาค วิทยานิพนธ์ฉบับนี้กล่าวถึงวัฒนธรรมหลักและการรับรู้ รวมถึงการบูรณาการวัฒนธรรมหลักเข้าสู่การดำเนินงานด้านความรับผิดชอบต่อสังคม (Corporate Social Responsibility – CSR) ของภาคเอกชนในภูมิภาค โดยมีกลุ่ม CIMB ในประเทศมาเลเซีย บริษัท San Miguel Corporation (SMC) ในประเทศฟิลิปปินส์ และบริษัท ปูนซิเมนต์ไทย จำกัด (มหาชน) (SCG) ในประเทศไทย เป็นกรณีศึกษา และใช้ทฤษฎีระบบของอีสตัน (Easton's Systems Theory) ในการวิเคราะห์แรงจูงใจ วิธีการดำเนินการ เป้าหมาย และทิศทางในการดำเนินกิจกรรม CSR การศึกษานี้สะท้อนให้เห็นว่า แต่ละองค์กรธุรกิจมีการพัฒนา การดำเนินการ และเป้าหมายในการดำเนินกิจกรรม CSR ที่แตกต่างกัน อันเป็นผลมาจากปัจจัยที่หลากหลาย รวมถึงการจัดลำดับความสำคัญของประเด็นความสนใจในระดับโลก ระดับชาติ ระดับองค์กร และระดับสังคม ที่แตกต่างกันไป ไม่ว่าจะเป็นแนวทางที่อิงความต้องการของสังคม (Need-Based Approach) ของ SMC แนวทางที่มุ่งเน้นความสามารถในการแข่งขันในเวทีโลก (Global Competitiveness Approach) ของ SCG หรือแนวทางของการบริหารเชิงสถาบัน (Institutionalized Approach) ของกลุ่ม CIMB ซึ่งแนวทางการดำเนินกิจกรรม CSR ของแต่ละกลุ่มบริษัทนั้นได้สะท้อนแบบจำลองที่อธิบายวิวัฒนาการ รวมถึงทิศทางของ CSR ในอนาคตของภาคเอกชนในกลุ่มประเทศอาเซียน จากการวิเคราะห์การพัฒนาและการดำเนินการ CSR สรุปได้ว่า วัฒนธรรมเป็นหัวใจสำคัญของการดำเนินกิจกรรม CSR โดยมีกระแสถ่ายทอดวัฒนธรรมผ่านผู้มีบทบาทต่างๆ ในขั้นตอนของการสร้างปฏิสัมพันธ์กับผู้มีส่วนได้ส่วนเสีย ซึ่งกิจกรรมความรับผิดชอบต่อสังคมในอาเซียนนั้นมีการเริ่มดำเนินการมาก่อนที่มีการใช้คำเรียก CSR กันทั่วโลก โดยดำเนินการภายใต้อิทธิพลจากศาสนา ระบบความเชื่อ วัฒนธรรม และขนบธรรมเนียมประเพณี นอกจากนี้ ยังสรุปเพิ่มเติมว่า เมื่อบริษัทเติบโตขึ้น วัฒนธรรมและขนบธรรมเนียมประเพณี จะถูกขมวดและประยุกต์เข้ามาเป็นวัฒนธรรมองค์กร ซึ่งสะท้อนให้เห็นถึงบรรทัดฐานการดำเนินธุรกิจในระดับสากล ทั้งยังส่งผลให้เสริมสร้างความสำนึกในการรับผิดชอบต่อส่วนรวมขององค์กรในแวดวงธุรกิจและของสังคมในวงกว้าง การศึกษาวิจัยนี้ได้พิสูจน์สมมติฐานที่ว่า วัฒนธรรมมีอิทธิพลต่อนโยบายการดำเนินการ CSR ในภูมิภาค และในขณะเดียวกัน นโยบายดังกล่าวก็ส่งผลกระทบต่อวัฒนธรรม สำหรับการพัฒนา CSR นั้นยังมีโอกาสและรูปแบบที่ดำเนินการได้อีกมากมาย ซึ่งการศึกษาวิจัยนี้ได้แสดงถึงศักยภาพของการใช้การสื่อสารเชิงวัฒนธรรมเป็นเครื่องมือในการส่งเสริม สนับสนุน และสร้างความเข้าใจเกี่ยวกับ CSR รวมถึงการบูรณาการ CSR สู่กลยุทธ์ทางธุรกิจขององค์กรในภูมิภาคอาเซียน

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Southeast Asia is a melting pot of various belief systems, traditions, customs, and cultures, influencing greatly the way of life in this part of the world. This study was conducted to identify dominant cultures and analyze their role on how Corporate Social Responsibility (CSR) is perceived and integrated by the private sectors in the region, looking at the cases of Malaysia's CIMB Group, Philippines' San Miguel Corporation (SMC), and Thailand's Siam Cement Group (SCG) as case studies. Deploying Easton's Systems Theory to analyze the CSR motivation, CSR practice, and CSR focus and themes of each company, this study posits that CSR has evolved, practiced, and focused differently in each company due to various factors and priorities at the global, national, company, and societal levels. This was affirmed by the Need-Based Approach of SMC, the Global Competitiveness Approach of SCG, and Institutionalized Approach of CIMB Group. These approaches provide a model that may explain and inform the development phases of CSR in ASEAN and its future direction. In analyzing the development and practiced of CSR, this study affirms that culture is in the heart of CSR practices in ASEAN, transferred by actors through the stakeholder's engagement process. This was demonstrated by the early accounts of CSR practices in the region even before the term has emerged globally. Early practices of CSR are conducted in the name of religion, belief system, traditions, and customs. This study further concludes that as the company expands, it transforms traditions and cultures into corporate culture, reflecting more widely known international norms. This then in effect creates more CSR awareness to the business community, and to the society as a whole. This study affirms its hypothesis that culture affects CSR policy in the region, and at the same time, policy affects and transforms culture. With this understanding, CSR still has a lot of room for development, and this study suggests that culture can serve as a communication tool to encourage, promote, deeply understand, and integrate CSR into the business strategies of Southeast Asian companies.

Field of Study: Southeast Asian Studies

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Student's Signature

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Chapter I

Introduction

1.1 Background of the Study

Today's globalized world can be best described by the word 'interconnectivity'. This shapes how we all act and how we respond on social issues that matters most to us. Because of this, information and knowledge are now readily available to everyone in just a click of a finger. Interconnectivity also describes the blurring dichotomies of various institutions particularly the public and private sectors as well as the civil societies. These partnerships, also known as social partnerships, refer to a wide range of inter-organizational, cross sector mechanisms designed to address various social issues such as the environment, health, unemployment and education {Seitanidi and Crane,, 2009}. These interconnected partnerships bring social issues into the table of different stakeholders who then can utilize their various expertise to take part in solution making.

In the field of business, private sectors are no longer expected to just create goods and jobs to the people but in addition, add social value to their services Businesses owe this responsibility towards the problems in the society for two main reasons; for these problems are in a way, results and impacts of their operations, and second,

being an integral unit of the society it operates {Mital, 1998}. In some countries, they are even mandated by law to provide social projects to help the community they serve through the concept of *Corporate Social Responsibility (CSR)*. It is a concept which has long history of debates to answer the question whether businesses have responsibilities to society broader than making profits for its owners and investors. Though it is not a new concept, in 1950s, debates extend over the legality of philanthropy as it is viewed as transgressing the responsibility of businesses to its shareholders, a view lauded by {Friedman, 1970}. Later on, researchers and economists, e.g. {Lowry, 1992}; {Likierman, 2006}; {Kalwarski, 2008}, came into force, finding the economic benefits of ‘doing good’ to the business institutions. Today, it is an undisputed fact that businesses have multiple purposes broader than mere financial outcomes.



On a regional scale, Association of Southeast Asian Nations (ASEAN), the regional organization of the Southeast Asia, ensures that CSR is incorporated in the corporate agenda and to contribute towards sustainable socio-economic development in ASEAN Member States. In the ASEAN Socio-Cultural Community Blueprint, under section C, Social Justice and Right, four actions were called to ensure CSR is included in businesses operated in the region. This is to shed light to the community that the region hopes to aspire and work for. However, it can be observed that research and discussion on CSR lacks a regional scale. As a result, in 2010, through the catalyst of

the ASEAN Foundation, ASEAN CSR Network was launched to address the lack of regional cooperation and information on the field {LCF, 2010}.

The challenges however in implementing CSR in ASEAN are the lack of coherency, sustainability and coordination {Almuttaqi, 2013}. These, he added, is a result of the lack of regional guideline or framework that would clear up difficulties and uncertainties in implementing CSR across the 10 ASEAN Member States. In addition, it can be noticed that there seems to be differences in enthusiasm towards CSR in other ASEAN countries because since the inception of the ASEAN CSR Network in 2010, there has been no representation from Brunei Darussalam, Lao PDR, and Cambodia.

In a region like Southeast Asia, diversity is also carried through how CSR related policies are developed. In the national level, government and other stakeholders take in addressing key public policy, such as CSR, can vary markedly between countries and regions. This observation is supported by {Daniell, 2014}, in her article on the role of national culture in shaping public policy. She added that cultural factors influence economic behavior, political participation, social solidarity, and value formation and evolution, and these are linked to how and why public policies are developed in different ways in different countries. She then concluded that 'national culture' has a significant influence on public policy. Without then the

understanding of the dominant culture that affects public policy in each member countries of ASEAN, a regional framework for CSR in ASEAN will have difficulty in producing culturally desirable outcomes.

In line with this, this study identified the various national cultures and sub-cultures that have affected and continue to affect the development of the CSR both as a national policy and as practical approaches by local companies in the region. The study looked into the case of Malaysia, the Philippines and Thailand, where there are dominant cultures in its national realm. The study utilized a historical approach in outlining the development of CSR policy in each country and the factors that affected them to its current state. Studying the corporate sector helped determine dominant culture and sub-cultures that affect them in incorporating CSR into their business strategy. This study brought in cultural dimension in understanding and explaining the differences in CSR implementation in individual countries in ASEAN, which then in return, can help shape a more culturally desirable framework for the region.

1.2 Literature Review and Conceptual Framework

This section reviews literature regarding corporate social responsibility along with their history, evolution, and development in the 21st century with special attention

to the Southeast Asian Region. It also includes literature discussing the role of national culture in shaping public policies, development, and decision making process of stakeholders.

1.2.1 Literature Review

1.2.1.1 Corporate Social Responsibility and the Concept of Doing-Good in Business

The history and birth of the private sector is critical in understanding the main concept of this study, corporate social responsibility. Bornstein and Davis have dedicated the first section of their book in 2010 the history and context of the emergence of the private sector dating it back in the 17th century. They narrated that it was during that period that innovation was restricted because all of the trade and commercial activities were controlled by the church, crown monopolies and feudal lords. As the world evolved into a more dynamic society brought by various changes including transportation, population, scientific advances, urbanization and accumulated wealth, the old system was overthrown. Moving forward to the era of Enlightenment, the concept of “life, liberty and property” by John Locke became the moral and foundation of what we now call economics and democracy followed by the Wealth of Nations by Adam Smith. From then on, the free hand evolved, became immensely powerful, and have changed the destiny of business sector, creating new lifestyles as a result of new accumulated wealth, as well as new

comforts {Bornstein and Davis, 2010}. This growth, as speculated by Bornstein and Davis, resulted to many new problems such as population displacement, exploitation of natural resources, decimation of traditional cultures, and problems in the environment. With the shifting expectation from the business sectors springs the discussion for the relationship between a business and societies within which it operates . Jumping into the mid-20th century, the term corporate social responsibility emerged.

The concept of CSR however, is as old as the beginning of trades amongst the Ancient Chinese, Egyptians, and Sumerians where wider public interests were considered {Henriques, 2003}. Public concern between the relationship of business and society then has grown proportion to the growth of the corporate activity. {Hochschild, 2005} narrated a good example that can be traced back in 1772 when the Britain's House of Commons became the first national legislative body in the world to vote to end the slave trade as a result of the 400,000 Britons boycotting sugar, product of the British West Indian slave plantations. This shows how firms operate within the realm of a broader society where they need to maintain their social legitimacy.

Corporate Social Responsibility can then be best defined by discerning the three words this phrase contains: *corporate, society, and responsibility* {Werther Jr. and

Chandler, 2011}. Werther and Chandler (2011) combined and synthesized the works of Carroll (1999), Post et. al (2002), and Frederick (2006) to come up with the following definition: “a view of the *corporation* and its role in *society* that assumes a *responsibility* among firms to pursue goals in addition to profit maximization and a *responsibility* among a firm’s stakeholders to hold the firm accountable for its actions.”

The coining of CSR however did not start easy especially in the 1970s when Friedman (1970) published his straightforward and fierce critique on the business concept of social responsibility. He described that the discussion of the social responsibilities in business is, in his words, analytical looseness and lack of rigor and that social services are to be left as the affairs of the political mechanism {Friedman, 1970}. With this contextualization is the crystal clear dichotomy of various roles of different sector and an intercross, according to Friedman, may harm the foundations of a free society affirming his position that the social responsibility of businesses is to increase their profits. One point however that remains true until today for the business sector is that their main responsibility still is to maximize profit and production, a responsibility to their shareholders and the market in general. In relation, {Carroll, 1991} categorized these responsibilities into four distinctions namely *economic, legal, ethical, and discretionary responsibility*.

Later on in the 90s, environment for social responsibility of businesses became more legitimized because of the emergence of various discourses linking corporate social responsibility and explicit market outcomes and measurable benefits to business, e.g. {Lowry, 1992}; {Kalwarski, 2008}; {Carroll & Shabana, 2010}. And today, it is becoming more relevant for businesses, a trend that Werther and Chandler (2011) believe to most likely continue and grow in importance throughout the 21st century. {Montiel, 2008} however posits a problem on the process of implementing and incorporating CSR in businesses today. He explains that managers are confused by the flurry of activity around the definition and diverse approaches to the implementation of CSR. In addition, {Hill, 2006} observes that many organizations are already doing what is considered as CSR but have not formalized system to report on those activities. Thus CSR is currently characterized by many unsystematic practices and constellations of arrangements that are fit for the purpose within specific context but lack transferability and sustainability {Seitanidi & Crane, 2009: 413}.

In line with these claims, it can be observed that the concept of CSR is understood in and by different contexts. Having the absence of an agreed universal definition of CSR, gave room for versatility on how it is perceived and operated in different countries. Its development also varies depending on various stand points and factors. {Welford, 2005} dedicated his research on identifying the differences on how CSR is understood in different countries. In one of his observations, he noticed that Western

countries are more progressive in CSR than its Asian counterparts. This observation was echoed by other literatures, {Chapple & Moon, 2005} and {Maignan & Ralston, 2002}, who concluded that CSR comprises of a broad range of programs and activities where differences in national context is reflected.

Relationships between companies with the society are also need to be considered. {Baughn, Bodie & McIntosh, 2007} concluded that various local policies, guiding principles, and diverse background affect the range of CSR programs being conducted in the different countries. Motivation also becomes a starting point in studying CSR as this serves as an input on the kind of CSR initiatives that companies partake. Economic standing of the country also affects the level of CSR awareness and practice in the country. {Visser, 2008} compared CSR initiatives and programs between developed and developing countries, and he found out that developed countries focused on economic, legal compliance, ethical conduct, and philanthropy respectively. On the other hand, the developing countries emphasized economic contributions, philanthropy, ethical conduct and legal compliance as their priorities. This comparison shows that while legal compliance concerns the developed countries more, philanthropy is more prominent in developing countries.

{Whelan, 2007} studied how CSR is perceived generally in Asia by focusing on Confucianism as an Asian value set reflected in Asian business practices. In this belief

system, Confucianism supports that family and business are intertwined and that business group is perceived as family and community. He then concluded that with this context, businesses are discouraged from pursuing self-interest that may harm the community, and in contrary, encouraged to maintain the harmony and welfare of a given social organism.

In addition, cultural characteristics and cultural tendencies also shape expectations of the role of business {Welford, 2005}. This claim however, Welford (2005) admitted, is still relatively under-reported in literature. He recommended that it is important to understand this dimension that influence CSR practices in other countries. After all, CSR is a fluid concept and these differences in context, cultural, legal system, government, and economic standing affect how countries formulate and implement CSR.



1.2.2.2 Corporate Social Responsibility in the ASEAN

The Association of Southeast Asian Nations (ASEAN) has accomplished several milestones particularly on general regional agreements and policies since its inception in 1967. Bold measures on trying to integrate the region into three community pillars, namely ASEAN Economic Community (AEC), ASEAN Political-Security Community (APSC), and ASEAN Socio-Cultural Community (ASCC) were

initiated by the leaders to reap the benefits of a fully integrated region. To support its vision, it can be observed that various programs have been implemented along with regional and national policies to support the integration process.

In December 2015, the ASEAN Community was finally launched but whether its goals are finally realized or being realized at some extent is another debate on the table.

In his speech during the Forum for Responsible Business Conduct in ASEAN: Towards Shared Principles for Corporate Social Responsibility and Sustainable Agriculture on 28 November 2013 in Jakarta, H.E. Le Luong Minh, the Secretary-General of ASEAN, revealed that CSR still is on its nascent stage in terms of implementation in the region. Corporations in the region have significant role in making sure that business activities contribute to the goal of a people-oriented, people-centered ASEAN Community {Minh, 2013}. The adopted ASEAN Socio-Cultural Blueprint (2008-2015) includes as part of its strategic objectives ensuring that the concept of CSR is incorporated in the corporate agenda and contributes towards sustainable socio-economic development in the ASEAN Region {ASEAN, 2008: 4}. The four actions included are the following:

- i. Development of a model public policy on Corporate Social Responsibility or legal instrument for reference of ASEAN Member States by 2010. Reference may be made to the

relevant international standards and guides such as ISO 26000 titled “Guidance on Social Responsibility”;

- ii. Engagement of the private sector to support the activities of sectoral bodies and the ASEAN Foundation, in the field of CSR;
- iii. Encourage adoption and implementation of international standards on social responsibility; and
- iv. Increase awareness of Corporate Social Responsibility in ASEAN towards sustainable relations between commercial activities and communities where they are located, in particular supporting community based development.

On the above mentioned call for action, ASEAN Foundation was specifically identified to support the implementation of CSR in the ASEAN region. As a response, in 2008, the ASEAN Foundation partnered with the Asian Institute of Management (AIM) to implement the “Network of ASEAN Corporate Foundations” project. The activity organized included practitioners and other stakeholders in conjunction with the annual AIM Asian Forum on CSR held in Singapore on the same year. During the meeting, there was an agreement that a regional network promoting CSR would be beneficial to support the CSR development and implementation in the region. Two years later, in 2010, the ASEAN CSR Network was launched in Manila and was

registered as a company limited by the guarantee in the jurisdiction of Singapore {ASEAN CSR Network, n.d.}.

The ASEAN CSR Network aims to provide opportunities for networking and exchange, and a venue for discussing and addressing regional issues and concerns, and to advocate and capacity builder for acceptance of international norms of CSR behavior. As the core regional organization in ASEAN for the implementation of CSR, it also seeks to serve as a centralized repository of all information gathered and provide easy access to participating organizations and partners in the region.

Another vital document that promotes CSR in the region is the ASEAN Labor Ministers Work Programme 2010-2015 where it tasked the Senior Labor Officials Meeting (SLOM) to define labor-related CSR goals in ASEAN and to seek to understand the range of labor related initiatives being undertaken around the globe and within ASEAN by socially responsible corporations both domestic and multinational. Furthermore, SLOM was also tasked to develop an agenda to promote labor related CSR issues in the region {ASEAN, 2010: 9}

In 2011, the Senior Officials Meeting on Social Welfare and Development (SOMSWD) organized the Regional Workshop on ASEAN Action Plan on CSR in Bangkok. One highlight of their recommendation was the call for corporations to shift their existing

CSR activities from a charity-based to right-based approach. It also promoted CSR projects to be focused on vocational trainings for people with disabilities and skills training to promote employment to narrow the development gaps in the region {DPI-AP, 2011}

Recognizing the efforts and CSR activities in the region, the ASEAN Business Advisory Council (ASEAN BAC) inaugurated in 2003 to provide private sector feedback and guidance to boost ASEAN's efforts towards economic integration and to identify priority areas for considerations by the ASEAN Leaders, hold annual ASEAN Business Award since 2007. The award aims to recognize companies as well as SMEs for demonstrating CSR values and initiatives in their business activities {ASEAN-BAC, n.d.}. ASEAN Business Awards were also adopted locally by the ASEAN Member states to give recognition to their local industries and businesses.

ASEAN Intergovernmental Commission on Human Rights (AICHR) in 2014 published the report on business and human rights in ASEAN which linked business and human rights. On the report, it was concluded that good business practices do not only contribute to the promotion of and respect for human rights, but, conversely, the respect of human rights also makes very good business sense for companies as well as for the States {AICHR, 2013}.

Over-all, in a regional level, it can be seen that regional push has been put into place to help promote and encourage the implementation of CSR, and even a network for CSR has also been created. In general, companies or the private sectors are seen to have a very important role in shaping the community the region aspires for. As concluded by the Secretary General in his speech, corporations must be seen as partners in community building thus he reminded companies that they have to strive to build businesses that add value to the communities where they operate and not just generate wealth for its shareholders {Minh, 2013}. He concluded by defining CSR in ASEAN as *“how companies operate in a sustainable and ethical manner- mindful of its impact not only to the economy but also to the society and environment as a whole.”*

1.2.2 Theoretical Framework

1.2.2.1 Stakeholder's Engagement Theory

The stakeholder model or theory concerns with the idea that besides the shareholders, other agents, groups or constituents affected by the operation of the companies activities like the employees and local communities should be considered in managerial and business decisions. This perspective argues that businesses should be aware of its responsibilities to sectors of the society affected, both directly and indirectly, by its business operations. Furthermore, in the process,

the business has the obligation to respect and take into account the interests of such multiple stakeholders, which {James, 2015} describes as institutionalized listening.

{Amao, 2013} divides the stakeholders into two categories; (i) primary stakeholders, those who are directly influence, engage or support the company's operation like the stockholders, investors, employees, and customers. Then there are the (ii) secondary stakeholders, which she describes as represented by groups that are indirectly affected by a company but do not influence the business or are not involved in direct transactions with the company like the communities.

{Luz, 2011} on the other hand categorized sets of drivers that shape the dynamics of CSR into two: (i) external and (ii) internal drivers. He described external drivers as law and regulation, market forces, and civil society's increasing expectations on businesses. On the other hand, internal drivers comprise of CEO's motivation and managerial behavior. He concluded that the challenge for the businesses will be to define this type of relation and establish a meaningful connection which is based on inclusiveness, taking consideration the various, and sometimes opposing interests, of these stakeholders.

{Jeffery, 2009} provides a discussion on the benefits of engaging with stakeholders. He states that the development of meaningful relations adds value to the

organization's operations by reducing the constraints on business and increasing the license to operate. This, he argues, will allow companies to plan for the future, minimizing the risks and enhancing opportunities by better understanding the fast-changing political, economic, social, technological and environmental context. These, he concluded, will later enable the company to better understand critics and potentially refute, convince or address criticisms.

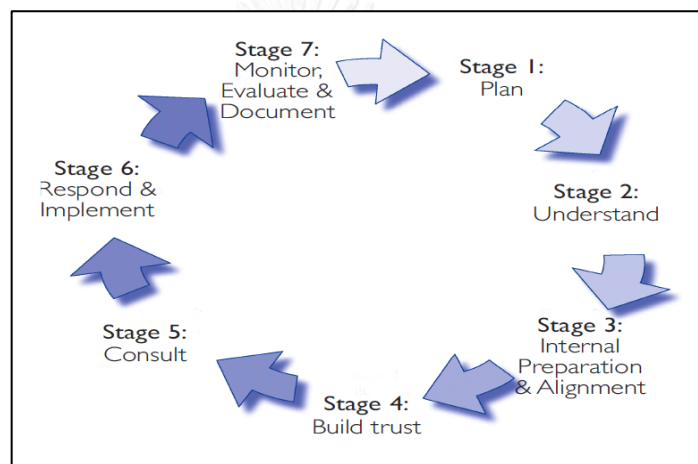


Figure 1: The Process Flow of Stakeholder Engagement, Jeffery, N. (2000). Stakeholder Engagement: A Road Map to Meaningful Engagement, p. 9

The engagement, however, is not a linear process. It is rather, explained, an interactive process in which the organization learns and improves its ability to perform in meaningful stakeholder engagement while developing relationships of mutual respect {Jeffery, 2009: 9} . The process however, he added, needs to be systematic, logical and practical.

In summary, the stakeholder theory clearly presents a picture whereby social and economic goals are connected. That businesses, to survive, needs to take into consideration the stakeholders that are affected by its business operations in order for them to get license to operate.

1.2.2.2 Culture and Economic Development

Economic development, in many supporting discussions, has been attributed to institutions, policies, and capital flow. However, {Hezel, 2009} quickly retracted this statement by citing the Adam Smith's *Wealth of the Nations* (1776). In this classic work, Smith argued that each individual are motivated by the pursuit of his own interests, which contributes to the public interest in a system that is self-regulating. These pursuit of own interests however, as he recognizes involved more than just money making {Smith, 1776}.

From Smith's argument, stems out preceding literatures stressing the role of cultural emphasis on economic achievement. The idea of the role of culture in economic development grows out of Weber's 1905 thesis on the role of protestant belief system in economic development. The thesis argues that protestant work ethic, supported by Reformation teaching that the pursuit of wealth was a duty, inculcated the virtues needed for maximum economic productivity {Weber, 1905}. {Granato,

Inglehard & Leblang, 1996}, on their study of effect of cultural values to economic development, believe that Weber's school of thought gave rise to the historical research of Tawney (1926, 1955), case studies by Harrison (1992), and the empirical work of McClelland et al. (1953) on the achievement of the cultural dimension on economic growth. This was followed by more recent studies demonstrating the role of religious belief in driving long-run economic performance, and the need to understand deeply the relationship of the two. This argument was highlighted by {Aldashev & Platteau, 2014} citing the works of Guiso et al. (2006), Tabellini (2008), and Platteau and Peccoud (2010)

The 1998 *Wealth and poverty of Nations* by David Landes also supported the theory of Weber that social attitudes and values have the decisive say on what economies will succeed and which will fail. In his book, he identified thrifty, hard work, tenacity; honesty and tolerance are the cultural factors that make all the difference {Landes, 1998}.

{Chua, 2003}, in her much acclaimed book *World on Fire*, cited the case on why Chinese business immigrants dominate the business communities in the Philippines, Indonesia, Thailand, Burma, and Malaysia. She pointed out that no matter where we look around the world, we will find what she calls "dominant minorities" groups that have demonstrated remarkable ability to succeed in business wherever they may

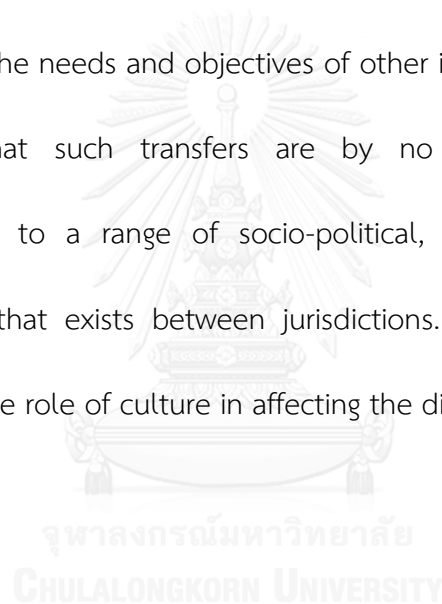
live. This demonstrates a trend that some ethnic groups seem to be far more successful in business than others.

If some scholars propose that culture affects economic development, Edward Banfield in his 1958 volume 'The Moral Basis of a Backward Society' proposes a cultural explanation for underdevelopment. {Banfield, 1958} studied the slow economic development in Southern Italy, on which he concluded that it can be attributed to the excessive pursuit of narrow self-interest by people who have never learned to trust anything outside their family.

This short review on the role of culture in economic development affirms Hezel's (2009) anti thesis on Thomas Friedman's the world is flat. {Hezel, 2009} observed that investors and businessmen, in some instances decide to invest somewhere else even if governments have official welcome mat for foreign investors. He concluded that possibly, there are ingredients for economic development, more far-reaching and subtler than the conditions prescribed by Friedman. And these factors on economic development, he claims, might well be affected by those intangibles that are collectively known as culture.

1.2.2.3 The Role of National Culture in Policy Process

In a very diverse setting, like that of the ASEAN region where you can find various kinds of government ideologies and systems, economic standings, religious beliefs, traditions, and ethnicities, policies that fit all 10 member countries can really be challenging. In a regional scale, policy ideas are developed and implemented in one jurisdiction, in this case the ASEAN as an institution. Ideally, these policies are then carried out to meet the needs and objectives of other institutions. However, {Daniell, 2014: 1} argues that such transfers are by no means always desired or implementable, due to a range of socio-political, economic, geographical and cultural differences that exists between jurisdictions. This section then discusses policy process and the role of culture in affecting the direction of such policies.



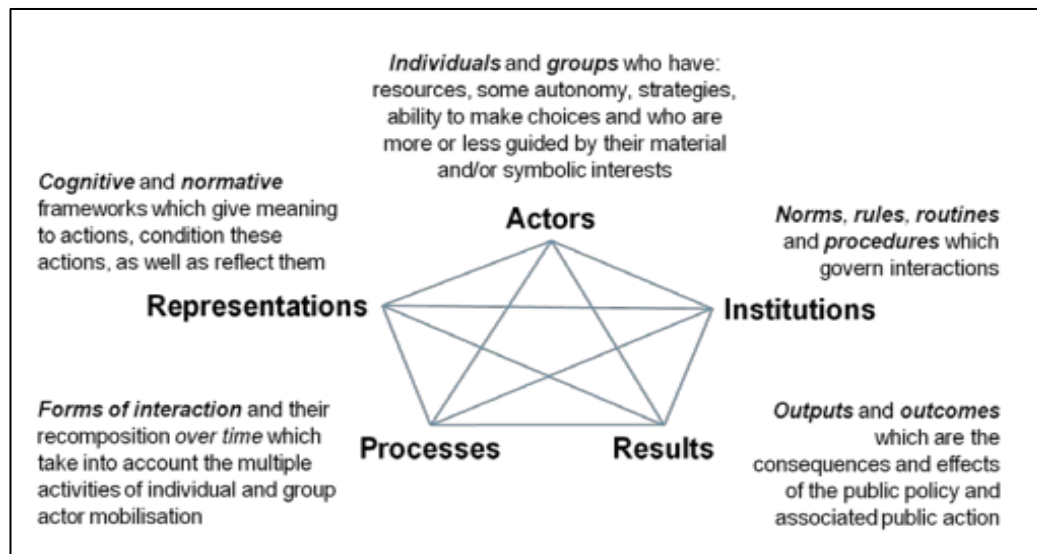
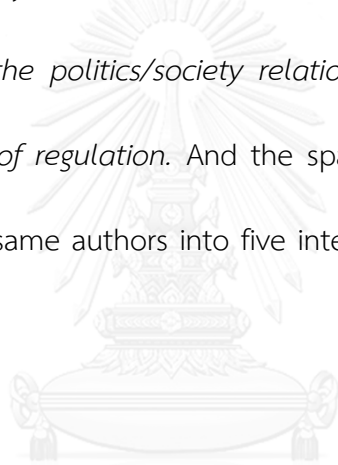


Figure 2: Public Policy Pentagon (Lascoumes and Le Gales, 2007)

First, defining policy is necessary in this discourse. However, defining it can be done in multitude of ways {Daniell, 2014}. The simplest definition however, may come from the classic work of {Laswell, 1936}, simply putting policy as “*who gets what, when and how?*” This was further elaborated by {Lascoumes & Le Gales, 2007b} implying how policy helps to determine who wins and who loses. They theorized that winners are those groups that garner sufficient power to change resource distributions across the society.

{Dimock, M., Dimock, G., & Fox D., 1983}, on the other note, present a different perspective by defining policy as a process of problem-solving where polices are decided on what objectives and substantive measures should an institution take to address a particular issue, problem or innovation. And in the process, {Page, 2006} considered four elements such as (i) principles, (ii) objectives, (iii) measures, and (iv)

practical actions. {Dryzek, 2006} added that policies are developed by the public through deliberation and discourse, and in some extent, as {Forester, 1993} posits, relationship building. Furthermore, {Shore & Wright, 1997} consider policies as instruments of governments, as ideological vehicles, and as agents for constructing subjectivities and organizing people within system of power and authority. And for the institution that works on the policy process, {Lascoumes & Le Gales, 2007} present the idea that policy is a *technical device with the generic purpose of carrying a concrete concept of the politics/society relationship and, to highlight a point, sustained by a concept of regulation.* And the space where public policy is made was summarized by the same authors into five interlinked elements as depicted on Figure 2.



From the Public Policy Pentagon Model, number of other models of the public policy process focus on policy actors' actions and interactions and conceptualize the policy process as a set of sequential or cyclical phases. If these models then highlight the role of the actors, the next question that needs to be asked is that what are the factors that affect the decision and representation of these actors? Such value-based inquiry then can be of interest in attempting to link public policy process and the role of culture. But before proceeding, it is mandatory to review literature on culture as well.

There have been many literatures published on cultures where various angles have already been looked at and considered. This is in attempt to describe and define its broad concept. {Kluckhonn & Kroeber, 1963}, leading scholars who identified and analyzed over 150 definitions of cultures, suggested that culture consist of behavioral patterns embodied in artifacts and traits that are fully acquired, *such as knowledge, beliefs, art, morals, law, customs, capabilities and habits, and that the essential core of culture is made up of ideas and their attached values that have been historically derived and selected.* {Rao & Walton, 2004} contend in the discussion of culture, the idea of relationality. They look into relationships among individuals within groups, among groups, and between ideas and perspectives. This premise supports the definition of culture by {Hofstede, 1991: 43} as collective programming of the mind that distinguishes the members of one category of people from another.

In the discussion of culture, scholars are also presenting culture as being fluid and flexible instead of static and automatically embedded. The acquisition of these collective programming of minds is dynamic and made up of sets of contested attributes that shape and can be shaped by human interaction {Rao & Walton, 2004}.

This view supports {Keesing, 1974}'s two types of cultural systems which include (i) *ideational system* (perceptions, beliefs and norms that can be traced back to the life of early child) and (ii) *integrated and adaptive socio-cultural system* (characteristics of social groups that result from dynamic interactions between and amongst groups.

Taking culture into the context of nations, national culture has been widely theorized and debated in literature. National culture rests in the premise that people who are in the same geographical location or people within countries identify themselves as members of the same nation or state who share aspects of context including *feeling of identity, underlying values and institutions, as well as history, through which eventually national culture develops* {Hofstede, G., Hofstede, G.J. & Monkoy, M., 2010}. {Ronen & Shenker, 1985} present a broader view on national culture not limiting it by nationality as cultural values and practices encompass political boundaries.

From these viewpoints of culture and policy, where do these two intertwine? {Rayner, 1991} presents a view point on culture, where it consists of framework that we use to impose some sort of order and coherence on the stream of events. And in relation, {Schwartz, 1999} sees culture with the power to shape individual action and constrain perceptions based on an individual's perceptions. Going back to the Public Policy Pentagon Model along with other models of the public policy process focusing on policy actors' actions and interactions, these policy actors are driven and influenced by their acquired culture both in ideational and integrated and adaptive socio-cultural systems.

Understanding these elements of national cultures and their roles in policy process can help shape a more culturally desirable policy across a multicultural landscape. As {Lewis, 2006 in Daniell, 2014} posits, it is use in the organizational management domain for understanding business practices in different countries and for preparing and improving international ventures, and international comparison studies for international engagement activities. Although an understanding of ‘national culture’ does not provide all required prerequisite knowledge to understand how and why public policies are shaped in different ways in different countries, {Daniell, 2014} concludes on her study that it could provide a useful lens with which to view their development in, and transfer between, different countries of different cultures..

1.3 Research Problem

This research answers these twin questions:

- What are the dominant and sub-cultures affecting the CSR development and policy process in each ASEAN member countries (Malaysia, Philippines, and Thailand) and how do these affect the CSR programs and strategies of companies under these jurisdictions?
- Does the transfer or transformation (McCann & Ward, 2012) of the national CSR policies of these countries by the local companies create a new norm

and culture? And taking these into consideration, what is the future direction of CSR in ASEAN?

- How do the individual CSR efforts and practices of ASEAN Member Countries reflected in the regional ASEAN CSR Framework formulation?

1.4 Objectives of the Study

To address the above questions, this study endeavored to:

- Analyze the linkage between culture and policy process in the field of CSR by looking into the historical development of CSR in Malaysia, Philippines and Thailand and how it is integrated into the local companies of these countries.
- Identify the cultures that influence the development of CSR policies in ASEAN and the cultures and norms that are developed to promote the policy.

1.5 Hypothesis and Research Assumptions

This study made the following assumptions:

- Most of the regional policies and activities encouraging companies to operate CSR in ASEAN were put into place in 2011. This study then assumes that the public and private sectors are motivated to implement CSR from an inside-

push (motivation from within not from the ASEAN framework) instead of the other way around. This means that even without these regional policies, companies will still choose to operate CSR from their individual's motivation driven by cultural dimension embedded along with the national CSR policies.

- This study supports Coyle and Ellis' (1994) who propose that '*culture affects policy, and policy affects culture*'. This study then assumes that in implementing CSR related policies; companies create new norms and culture for emerging companies and businesses which then become a national standard for the country where it operates.
- Corporate Social Responsibility framework and efforts in the regional level through ASEAN reflect the existing policies and practices of its member countries.

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1.6 Conceptual Framework

The diagram below shows the hypotheses that this study attempted to prove. Using Systems Theory of {Easton, 1965}, this study looked into the CSR policy making process in Malaysia, Philippines and Thailand as an input and identified cultural norms and influences that lead to the CSR policy governing each individual country. As a thurput, the study looked on how various motivations and cultural norms influenced and affected the implementation and integration of CSR into the business

strategies of local companies, resulting to differences in approaches of CSR practices in ASEAN. And as an output, the study identified the CSR programs, themes and focuses of individual countries reflected by the cases presented from the study's three companies. Conforming to the theory of {Coyle & Ellis, 1994} that '*culture affects policy, and policy affects culture*', the study identified new norms and practices that have resulted from the implementation of CSR in the local level and integrating international practices. Lastly, it examined how these existing practices and models of CSR implemented by individual ASEAN member countries reflected into the ASEAN regional framework on CSR and its future direction.

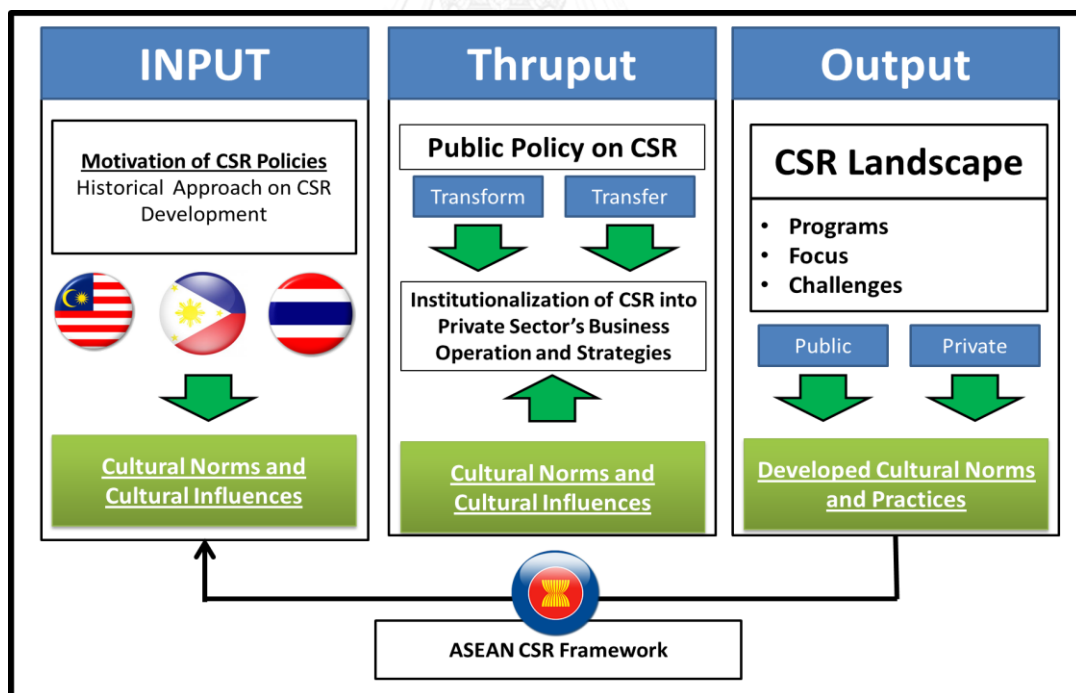


Figure 3: Conceptual Framework

1.7 Significance of the Study

- CSR in the region is on its nascent stage according to the ASEAN Secretary General, therefore by conducting study on the field of CSR, it adds to the pool of discussion in the topic by providing documentation of practical approaches of CSR in ASEAN.
- By documenting existing practices of CSR by companies in the ASEAN region, this study provides practical lessons and models for CSR practitioners in ASEAN.
- Ultimately, taking the diversity of the ASEAN region into the context, this study helps policy makers both at the national and regional level make and draft culturally desirable (Daniell, 2014) Regional CSR Framework.

1.8 Scope and Limitation

The study included countries in ASEAN where religion, as of the cultural driving force, is evident. For the study, it included **Malaysia**, where Islam is the official religion of the State and with majority of its population practices Islam, the **Philippines**, a predominant Christian country, a product of more than three centuries as Spain's colony, and Thailand, where majority of its population follow the Buddhist teaching and beliefs. This study focused on identifying cultural norms and influences that

affected the CSR policy in the national and business environment level. For Malaysia, it included **CIMB Group**, for the Philippines, it included **San Miguel Corporation (SMC)**, while for Thailand, it included **Siam Cement Group (SCG)**. All of these three companies were selected in the study because of their big presence amongst the business community of their respective countries, and for having been recognized by various institutions, both public and private, for having exemplary CSR initiatives and policies. For the CSR projects of the companies involved in the study, the study focused on the companies' CSR implementation model more than the scale and monetary expenses for their CSR Initiatives.

Furthermore, in the analysis of this study, the study was mindful that the case study does not represent the whole picture of the country; however, their CSR practice can inform and identify local cultures that affect how they operationalize their CSR initiatives.

1.9 Research Methodology

This research used the *qualitative descriptive method* {Miles & Huberman, 1999:159-160} based on in-depth interviews and literature reviews. To deeply understand the concepts of CSR in the ASEAN context, the study reviewed literature on the history and the perception of CSR in the national context of each case study

from credible sources such as published journals, dissertations, and other related articles to the topic. The study guarantees that the sources that were used are credible, valid, and accurate.

To provide a picture on how CSR is implemented by the company case studies, primary data were gathered through *purposive interview*. For San Miguel Corporation, the director of the San Miguel Foundation was personally interviewed. In the case of Siam Cement Group, a staff from the Center of Excellence and Sustainable Development assisted by providing key information and access to reports for the company's CSR and sustainable development initiatives. In the case of CIMB Group, due to the transition period of the CEO of the CIMB Foundation, the researcher was only able to secure data from the CIMB Group's Annual and Sustainability Reports. Furthermore, websites, annual reports, sustainability reports, and news reports were also reviewed as secondary data to document the focus and themes of CSR initiatives by each individual company. This study strategically combined the reports from the company as an internal perspective, and news report as an external perspective to provide a balance and holistic perspectives.

This study concluded by answering its research problems and by reviewing the validity of its hypotheses. The conclusion revolved around the analysis of the identified cultural influences in the policy making process of CSR in Malaysia,

Philippines and Thailand, as well as the cultural influences affecting the implementation of such policies by the private sectors. It also looked into the different approaches that each case study provided given differences in motivations and contexts. Furthermore, it looked into the existing program themes and focuses of CSR by the companies involved in the study and provided a general picture of the landscape of CSR practice in ASEAN. In combining the input-thruput-output analysis of this study, the researcher provided analysis on where the culture lies in the CSR practice of Southeast Asian companies, and how it affected the practice of CSR in ASEAN.



Chapter II

Background of CSR in ASEAN: Malaysia, Philippines, Thailand

This chapter provides an overview of what are the existing CSR practice and challenges in ASEAN. The second part provides a more detailed history, approach, policies, and efforts of Malaysia, Philippines, and Thailand.

2.1 General Practice and Challenges of CSR in ASEAN

The Association of Southeast Asian Nations (ASEAN) houses a big market with over 633 million populations, attracting many businesses both local and foreign. In 2014, ASEAN CSR Network (ACN) presented their ASEAN CSR Vision 2020, an initiative to mainstream responsible business in the region by setting a common framework on CSR among the ASEAN business community and civil society {ASEAN CSR Network, 2014}. This is in line with the idea of putting responsible business practices at the heart of the regional integration. The launch of the ASEAN CSR Vision 2020 is supported by the Swedish International Development Cooperation Agency, and builds on the initial work of the ASEAN Foundation, which aims to help awareness and build capacity on the adoption of known international standards such as ISO

26000 Guidance on Social Responsibility, the UN Global Compact Ten Principles and the OECD Guidelines for Multinational Enterprises {Manibo, 2014}.

This bar raising efforts of the ASEAN CSR Network is due to the disturbing amount of scandals concerning corruption and the growing rate of poverty that placed Asian countries in the sustainability spotlight {CSR Asia, 2011}. Though many corporations in ASEAN region are becoming more aware of the CSR disclosure frameworks such as GRI, UNGC, and ISO 26000, {Dandago et al., 2014} citing the works of Brammer, Jackson & Matten (2012), and Aguilera, Rupp, Williams, & Ganapathi (2007), observe that there is still a problem on the voluntary practice of sustainability disclosure today due to the lack of direct power to penetrate national law.

These challenges can be attributed due to the various government systems, and the industry available in the country, in addition to the degree of awareness attributed by the absence or presence of multinational companies {Prayukvong & Olsen, 2009: 17}. In Indonesia for example, in 2007 under the Law No. 40, article 74, on Limited Liability Companies, obliges companies to carry out activities in the natural resources sector and in related sector to participate in environmental social responsibility. This effort by the Indonesian government makes the country the first nation in the world to adopt a mandatory approach on CSR {Gentile, 2014}.

On the other hand, developed countries like Singapore, governments created programs and incentives for companies who are involved in sustainable development and {CSR Digest, 2009} reports that currently, the government of Singapore has over 30 government programs including a wide range of energy and water efficiency, transportation, and other environmental innovation projects.

In Brunei, CSR is still a relatively new concept and there are no specific government programs encouraging foreign and local enterprises to follow generally accepted CSR principles, according to the U.S. Department of State 2014 Diplomacy in Action Report. However, the report also observed that there is general awareness among companies, and customers, and individual private and public sector organizations have formalized CSR programs and policies {U.S. Department of State, 2014}.

Vietnam, an emerging industrial powerhouse in ASEAN, has struggles with environmental damage, fair labor standards, food health safety and sustainable development, from lack of responsible business for a long time {Taylor, 2015}. But because of the bustling economy and big player international trade in the country, {Taylor, 2015} reports that business environment is changing, and the country is being driven onward and upward helping Vietnam to be forced to put their CSR into the spotlight.

The CSR of Lao PDR, one of the most economically challenged countries in ASEAN, remains in its infancy and a number of challenges exist in promoting further uptake of sustainability practices. These challenges, as {Hicks et al., 2009} outline, include (i) lack of stakeholder involvement and low capacity amongst CSR actor such as civil society and government, (ii) a high proportion of small to medium enterprises who lack the resources, (iii) access to information and capital in order to implement CSR and (iv) the absence of an enabling policy environment, both an absence of policy incentives around CSR as well as inconsistent implementation of existing regulations.

Myanmar, plagued with the military regime for decades, has drastically been changing its political landscape after the military government lost its power in the election in 2015. A country coming out from many banned control due to its political history, the country, {Brownman, 2014} reports, is aggressively seeking investors to help out the economy of the country and government is keen on taking steps to build investor confidence and promote responsible investment in Myanmar.

In Cambodia, {Salze-Lozac'h, 2008} observes that practices of CSR have already been laid out to gain positive reputation in the garment sector for its high level of compliance. However, she also reports that Cambodian enterprises face many challenges including developing culture of transparency and consultation at the macro- and micro- level, building competencies in the public and the private sector,

adopting environmental good practices and adapting CSR to SMEs that constitute the majority of local enterprises..

2.2 CSR in Malaysia

Malaysia has always been a melting pot of diverse range of external cultures and religions since the beginning of trading. These external influences have resulted to a new unified but distinguished Malay culture with a unique contemporary Malaysia which is represented by the fusion of Malay, Chinese, and Indian traditions. This has created a pluralistic and multicultural nation that has its character rooted in social harmony, religion, and pride in its ancestral background. In 2010, the Malaysian Prime Minister Najib Tun Razak, has launched the One Malaysia (*Satu Malaysia*) which called for all sectors of the society, from the government to all citizens, to give emphasis on ethnic harmony and national unity {1Malaysia, n.d.}.

Malaysia is composed of over 29.6 million people, with religious demography dominated by the practice of Islam at 61.3 percent, Buddhism at 19.8 percent, Christianity at 9.2 percent, Hinduism at 6.3 percent, and 1.3 percent for other religions and philosophies such as Confucianism, Taoism, and other traditional Chinese belief system {Department of Statistics Malaysia, 2011}. Freedom of religion is considered and is protected as a right under the constitution of the country.

However, under the Article of the constitution, Islam is considered as the religion of the Federation, and the parliament, with nine out of thirteen states ruled by Heads of Islam or Sultans, may by law make provisions for regulating Islamic religious affairs. The Department of Islamic Development Malaysia (JAKIM) under the Prime Minister's office was established to create federal guidelines concerning what constitutes "deviant" behavior or belief.

In the world of business, Malaysia is a very important key player in the region being ranked 25 in the world, and 2nd in Southeast Asia in terms of product exports {World Economic Forum, 2014: 10}. In International Trade Statistics released by {World Trade Organization, 2015: 44} listing leading exports and importers in the world merchandise, ranked Malaysia 23rd. In 2013, the country just launched Southeast Asia's biggest transit hub for Islamic products, Port Klang, The 1,000-acre Port Klang free Zone provides facilities for international procurement, green development, and Islamic product manufacturing and distribution, which targets mainly Chinese and Southeast Asian investors {Tan, 2013}.

Poised as an export-oriented leader in the region and in the world, literature and the study of CSR in the country, puts Malaysia in a crucial role to have its businesses and organizations, including the government, to embrace and develop CSR practices and capabilities {Lu & Castka, 2009: 146-154}. The government has been playing a leading

role in the integration of CSR in business practices in the country, and is one of the few in Asia to enact CSR reporting as a mandatory requirement to all of the Public Listed Companies {UNICEF, 2012: 12}. Furthermore, various policies were enacted calling for reforms to integrate the concept of CSR in everyday operations of the private institutions. In addition, today, Global Report Initiative (GRI) has reported 67 Malaysian companies since its inception in 1999 {Global Reporting Initiatives, n.d.}.

In the development of CSR in Malaysia, there are three major players that shaped how CSR is operated and perceived in the country today; the government, NGO/Association/Non-Profit Organizations, and the Business community including the initiatives from market regulators particularly Bursa Malaysia. The initiatives of these key players have contributed to the growing publicity that raised social responsibility as well as environmental awareness, a trend confirmed by various empirical studies by {Ahmad & Rahim, 2003 } and {Md Zabid & Saadiatul, 2002: 10-16} affirming the increased level of CSR awareness in Malaysia over the past decade. {Ahmad & Rahim, 2003} in their study indicate that 93.1% of sampled managers are relatively aware of CSR, though the study concluded that these managers do not fully comprehend the importance of CSR.

In a more recent study, {Lu & Castka, 2009: 151} indicate that though CSR is not an entirely new concept to Malaysia, they observed that CSR in the country is still in its

infancy stage. They have also concluded that Malaysian organizations are only practicing certain aspects of CSR, especially the philanthropy and public relations (PR) part of CSR. In the practice of CSR, it was also found out that the bigger local organizations, as well as the multinational companies (MNCs) are major players in CSR implementation in the country, but quickly pointed out that this needs to be understood based on the proportionality of their size and profitability.

The older companies, like the Petronas, a petrochemical industry company, have argued that they have been practicing CSR well before the term was established and promoted in Malaysia. In an interview conducted by {Lu & Castka, 2009}, Petronas claim that CSR has been practiced in the company as early as 1974 and have also asserted that employees, about 10%-15% of its staff, volunteers to be involved with CSR activities outside their normal working hours. The researchers also narrated on their studies that from charity donations, this industry, have included other practices such as rural education, health care, sponsoring art and sport events, renewable energy project, helping single mothers, and many more.

General public was also studied by {Lu & Castka, 2009}, and they have discovered that general public seems to think that CSR is just another fancy management concept used by the Western countries, which might not be suitable for Malaysia. This argument was backed up by experts by supplementing a supporting argument

that Malaysia should have its own standard relevant to the Malaysian environment and culture, so that it will be more easily acceptable by the general public {Abdulrazak & Ahmad, 2014: 211}. They have a feeling that in adopting CSR theories, the western concept and theories may not be congruent to the Malaysia's social milieu. Therefore, {Abdulrazak & Ahmad, 2014: 216} suggest that fundamentals of normative CSR theories, based on social values, beliefs and morality, may impinge on the sensitivities of the Malaysia's multi-racial society.

In a pre-instituted era of CSR in Malaysia, how then companies like the Petronas, have incorporated the concept of CSR into their business operation? {Md Zabid & Saadiatul, 2002} might provide an explanation as they noted on their study that the family upbringing, traditional beliefs customs, and traditions, have big influence in the improvement of the level of CSR awareness among Malaysian executives and managers. Therefore, {Abdulrazak & Ahmad, 2014} concluded that Malaysian firms is best to adopt a more pragmatic and practical basis for their CSR, one that is compatible to Malaysia's socio-economic landscape.

2.2.1 History of the CSR Concept in Malaysia

Literature suggest that there has been evidence of CSR in Malaysia. Some suggest that it started even way back in the 1980s, in terms of awareness and

implementation, while other date it back to 1970s {Teoh & Thong, 1981: 1-10}, taking Petronas as an example. {Md Zabid & Saadiatul, 2002} referenced the history of CSR in Malaysia when the government introduced the Environmental Quality Act of 1974 to legislate issue on environmental safety and pollution. The policy instructed construction companies to comply with the Environmental Impact Assessment (EIA) before developing new housing areas or any projects. They also added that several non-governmental organizations (NGO) and the medial also raised issues on health hazard products, product safety, environmental pollution, and discrimination against handicapped people. These legislations, though does not directly included the concept of CSR, but it made the private sectors become more responsible towards the implications of their business operations, both to the environment and to the society. The inception of the Malaysian Code on Corporate Governance (MCGC) in 1999, and was revised in 2007, echoed this responsibility and accountability of businesses.

In 1991, then Prime Minister Mahatir Bin Mohamad, presented the Vision 2020 which sets the foundation, until today, for Malaysia to become a developed nation by the year 2020. Along this goal is to create a united country with strong moral values and a caring and economically just society {Office of the Prime Minister, 2010}. To achieve this vision, the Prime Minister acknowledges the important role that the private sectors play, but he also articulated that comprehensive development is not limited

to economic advancement. With the Vision 2020, nine strategic challenges were laid out, and four, as UNICEF puts it, related to CSR.

Vision 2020 CSR Related Challenges	
Challenge	Strategy
4 th	Establish a fully moral and ethical society
7 th	Establish a fully caring society and a caring culture
8 th	Ensuring an economically just society
9 th	Establish a prosperous society, with an economy that is fully competitive, dynamic, robust, and resilient

Table 1: Vision 2020 CSR Related Challenges, UNICEF. (2012). Corporate Social Responsibility Policies in Malaysia, p.14

In the Vision 2020, the government put a strong emphasis on integrity and upholding moral values in achieving economic development in the country. As a response, in 2004, National Integrity Plan (NIP) was developed. It serves as a catalyst for the attainment of the objective of enhancing integrity in Malaysia {Malaysian Institute of Integrity, 2004}. The operational objective of NIP is to reduce corruption, enhance corporate governance and ethics, to ultimately improve the quality of life for Malaysians. To facilitate these objectives, Malaysian Institute of Integrity (IIM) works with the private sector, NGOs, political parties and religious groups to create a more inclusive and holistic approach. IIM then became one of the first institutions that published publications on CSR {UNICEF, 2012: 15}.

From the country's master plan inspired by the Vision 2020, Malaysia made its headway to the integration of CSR into the public agenda {Abdulrazak & Ahmad, 2014}. {Sharma, 2013} credits it to the policies and initiatives of the federal government and its agencies, of these are two major milestones in the history of CSR in Malaysia: the Silver Book and the role of Bursa Malaysia (Malaysian Stock Exchange).

In May 2005, Silver Book was launched, a set of CSR principles and guidelines for Government-linked companies (GLCs) in Malaysia, 36 percent of the Malaysian stock exchange's capitalisation and 54 percent of the entities that make up the Kuala Lumpur Composite Index, {East Asia Forum, 2015}. The guiding principles of the Silver Book include: (i) the GLCs' primary objective should be to enhance shareholder returns and meet the needs of other key stakeholders including the consumers and the employees; (ii) GLCs should proactively contribute to society in ways that create value for their shareholders and other key stakeholders; (iii) GLCs should actively manage their contributions to society in the most efficient and effective manner in line with industry norms and best practices as well as the relevant regulatory framework {Putrajaya Committee on GLC, 2007}.

Following this milestone, was when Bursa Malaysia made it mandatory for all public listed companies (PLCs) in Malaysia to disclose their CSR initiatives in their annual financial reports starting late 2006 {Bursa Malaysia, 2006}. Following the Appendix 9C, Part A (29) of the Listing Requirements states that PLCs are required to make “A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are non, a statement to that effect.”

Bursa Malaysia is the front line regulatory body that governs all PLCs in the country and operates the country's only stock exchange. This provides Bursa Malaysia the key position to promote CSR among the companies on its list {UNICEF, 2012: 19}. In addition, a CSR Framework was also introduced emphasizing the role of companies to the environment, community, marketplace and workplace.

From these two key milestones, the general public especially the private sectors have put CSR into their agenda. Though older companies argue that they have been doing something similar to the concept of CSR, institutionalizing CSR in the national level can be traced back to these two efforts. This showcases that for a government-linked companies, implementing CSR backed by policies initiated by the government can easily be transferred to the companies' business strategies. On the other hand, there is the Bursa Malaysia that regulates the public listed companies. In the history of therefore of CSR in Malaysia, it can be categorized into two: Uninstitutionalized CSR (before 2005) and the Institutionalized CSR (after 2005).

2.2.2 CSR Drivers in Malaysia: Government Lead CSR

The rapid economic growth in Malaysia over the past decades, according to {Kasipillai & Rachagan, 2012}, has caused social implications particularly on the environment, causing challenges like air and water pollution, solid waste management, long term water supply and energy efficiency . They also recorded that global issues on deforestation, and connected challenges such as indigenous people's rights, have received special attention particularly from the environmentalists. As a response, the government enacted the Environment Quality Act of 1974, to address issues on environmental safety and pollution. This acknowledged the role of the private sectors to be more mindful on the impacts of their business operations. In regulating businesses, the Federal Government of Malaysia indeed plays a pro-active role. This proactive role transcends in the evolution of CSR in Malaysia.

When the Silver Book was launched in 2005, {UNICEF, 2012} recorded that Putrajaya Committee on GLC High Performance (PCG), a product of the GLC transformation program that support the ongoing effort by the government to drive development and grow the economy, outlined a CSR approach for GLCs. They are the ones who enacted and supervises the CSR reports that GLCs submit.

The Economic Planning Unit, along with the Ministry of Finance, set tax incentives and budget allocations for CSR-targeted initiatives as reported by UNICEF on their report on Tax-related incentives for child-friendly initiatives {UNICEF, 2012: 40}. The report explains that the Federal Government introduced tax incentives, with a ceiling of 10% deductible to the company's annual income, to foster corporations to be socially responsible and encourage them to engage in environmental protection activities. These incentives has high emphasis on the conservation of energy, waste recycling, and to propel the use of oil palm biomass and renewable energy. The Income Tax of 1967 also allows tax deduction to initiatives concerning (i) Child Care Centre Facilities, (ii) Schools and Learning Centers for Children with Learning Disabilities, (iii) Library Services, (iv) contribution to the community, (v) student scholarships, and (vi) provisions for disabled persons.

To complement the CSR reflected in the national agenda, such as the Vision 2020 and Tenth Malaysia Plan, Companies Commission of Malaysia (SSM), a statutory body formed in 2002 as a result of the merging of the Registrar of Companies (ROC) and the Registrar of Businesses (ROB) managing the registration process for all business entities, produced a strategic framework on which outlines SSM's approach towards inculcating a culture of corporate responsibility amongst the Malaysian corporate community {SSM, n.d.}. The SSM Corporate Responsibility Agenda launched in 2009, with the tagline "Driving Business Beyond Profitability", gave SSM the mandate to

promote good corporate responsibility practices amongst businesses in Malaysia, recognizing that corporate responsibility is a part of corporate governance practices.

To echo the National Integrity Plan, Malaysian Institute of Integrity (MII) also helps in the promotion of the practice of CSR by publishing reports on best practices and global trends of CSR. The aims of MII is to develop a nation of high integrity that is resilient and embraces universal good values {Malaysian Institute of Integrity, 2004}.

The Securities Commission and the Bursa Malaysia also champions in the promotion of CSR in the country. They also mandate all of the public listed companies to report their CSR initiatives {Bursa Malaysia, 2006} . In 2010, Bursa Malaysia also launched the Business Sustainability Program to encourage Malaysian PLCs to integrate sustainability into their business strategies {Bursa Malaysia, 2010}. This includes the publication of a sustainability guide for company directors and the introduction of a Sustainability Knowledge Portal on its website. In addition, in 2014, Bursa Malaysia launched the Environmental, Social and Governance (ESG) index for PLCs to increase the number of listed companies who conform to good corporate practices and in effect, attract Socially Responsible Investment (SRI) funds supporting its sustainability roadmap {Bernama, 2014}.

Aside from the government, the civil societies also align itself with the national agenda. The Roundtable for Sustainable Palm Oil (RSPO), a non-profit organization that develop and implement global standards for sustainable palm oil, brings together NGOs, governments, palm oil suppliers and purchasers to address social and environmental sustainability issues related to the production of oil {RSPO, n.d.}.

Business Council for Sustainability and Reporting (BCSR) Malaysia, a product of the merge of the Business Council for Sustainable Development (1992) and the Institute for Corporate Responsibility (2006), is a national organization that comprises of business leaders from various industries interested in responsible and sustainable practice in-line with global sustainability agenda {BCSR Malaysia, n.d.}.

Global standards also influence the understanding and the practice of CSR in the country. Global Compact Network Malaysia (GCLN-MY) is the organization that leads the promotion and integration of the UN Global Compact principles. They create local based strategic policy that aligns to the principles of UNGC in the areas of human rights, labour, environment and anti-corruption {UNGC Malaysia, n.d.}.

There are also various awards and recognitions given to Malaysian companies in order to motivate the private sectors to engage in CSR {UNICEF, 2012: 72}. These awards include the (i) Quality Management Excellence Awards by Malaysia

Productivity Corporation (MPC), (ii) Prime Minister's Hibiscus Award by Business Council for Sustainable Development (BCSDM), (iii) Malaysian Business Corporate Governance Award by Malaysian Business, (iv) ACCA Malaysia Environmental Reporting Awards by the Association of Chartered Certified Accountants, (v) ACCA Malaysia Environmental and Social Reporting Awards, (vi) Malaysian Business Ethics Excellence Award by Business Ethics Institute of Malaysia (BEIM), and the Prime Minister's CSR Awards by the Ministry of Women, Family and Community Development.

It is evident that in Malaysia, the promotion of CSR are pushed by the strong and clear vision of integrating the CSR concept into the business operation of Malaysian companies. The Vision 2020 ignited various institutions and agencies to ensure the implementation and reporting of CSR practices in the country. The Vision 2020 inspired various non-governmental organizations as well as the businesses to incorporate the reporting of CSR into their business operations. Efforts therefore, for putting CSR into the roundtable discussion among business community in the country, are the product of the federal government's effort to institutionalize CSR in Malaysia.

2.2.3 Common CSR Themes and Practices in Malaysia

The institutionalization of CSR, both for the GLCs and PLCs, anchored their CSR themes based on the most needed support that the country needs from the private sectors. The Silver Book outlines framework on how GLCs will make their contributions to society. It has also provided guidelines on choosing activities, setting financial targets, measuring impact and reporting. Their spending are then required to be reported to the Putrajaya Committee for GLC High Performance (PCG). GLCs, based from the framework, they are required to choose a core area of contribution to society in these defined areas: (i) human rights, (ii) employee welfare, (iii) customer service, (iv) supplier relationship, (v) environmental protection, (vi) community involvement, and (vii) ethical business behaviour.

On the side of the PLCs, which is regulated by Bursa Malaysia under their CSR Framework launched in 2006, four themes were identified: (i) Community, which refers to donation of money, time, products, services, influences, management knowledge and other resources that positively impact deserving local communities. (ii) Environment, where activities aimed at conserving ecosystems and biodiversity and managing the impact of the company's operation on the environment. (iii) Workplace, which refers to the activities that help maintain high standards of recruitment, development and retention of employees. And, (iv) Marketplace, which

refers to the market activities aimed at encouraging and influencing shareholders, vendors and customers to act in a sustainable manner across the value chain {Malaysia, 2006} .

On her study of CSR by Malaysian developers, {Yam, 2013} listed CSR efforts of Malaysian property industries based on the CSR Framework outlined by Bursa Malaysia. She found out that under the community theme, common practices include philanthropic contribution to the poor, supporting health care programs and research, building community halls and schools, and support to sports and cultural events. She also added that significant number of companies in Malaysia contribute through scholarship grants to underprivileged and deserving students.

It is also a common practice for Malaysian companies to utilize their industry expertise to help out in the community. For example, DiGi telecommunications Sdn. Bhd. Partners with social enterprise called eHomemakers who manages a network of NGOs and homeworkers. Due to the high cost of phone calls and inaccessibility of internet in rural areas, DiGi sponsors 30,000 SMSes a month to eHomemakers to communicate work opportunities to the homeworkers {Telenor Group, 2012}

In the field of environment, {Yam, 2013} has reported that eco-themed practices were in place in the country whereby buildings and company office are designed to

maximize natural lighting and ventilation in reducing electricity consumption, utilisation of green building materials, and promoting and maintaining eco-friendly measures for waste reduction.

For Workplace, the companies acknowledged the importance of human resources in helping them to succeed. Companies therefore are taking measures to provide succession plan and training to groom future leaders of the company. Continuing education, training and development were also found to be an important area of human resource for the companies included in her study. In addition, commitment to provide a healthy and safe working environment for their employees where they can demonstrate a work-life balance were also a common CSR approach and practice in the workplace. Programs generally include rewards and recognition, scholarships for further education, and diversity and fairness at workplace {Bursa Malaysia, 2006}.

The common practice to enact CSR in the market place for companies usually include governance and ethical business operations. Supply chain management was also emphasized whereby preferences were given to suppliers whose products and manufacturing process are environmentally-friendly {Yam, 2013}.

The two regulating bodies, the PCG and Bursa Malaysia, have clearly defined and outline the kind of CSR that Malaysian companies should embark. The framework and guidelines allow companies to collectively put their individual efforts to issues that concern the country.

2.3 CSR in the Philippines

According to the 2006 Asia-Pacific Economic Cooperation paper on the status and implications of CSR in the Asia Pacific: *Economic Paper on the Philippines*, the slow growth of the country's economy as a result of economic mismanagement, and political instability, corporations saw it fit to be involved in social development. This is along the understanding and business reality that they could not possibly thrive amidst an environment where the majority are poor. The report quoted the Department of Social Welfare and Development (DSWD)'s secretary, Dinky Soliman, stating that "CSR is the soul of capitalism. It makes corporations aware of the fact that doing business is not just the bottom line".

To provide a societal context, in the Philippines, values and belief system shapes how its people act. It also provides a path for every plan of action and decisions. A predominant Christian country, Filipinos believe on a higher being that is God, who gives merit to every good deeds and a relative consequence to every bad action. It is

then not surprising that the concept of philanthropy, volunteerism, and individual giving, are acknowledged to be the given forces in the social and economic life of Filipinos. And this tradition goes back to long roots which have been particularly practiced within and across families, church related organizations, or social welfare agencies {APEC, 2006}. It is common to undertake fund drives, concert for-a-cause, social events, and disaster relief operations. *Give and you shall receive* (Luke 6:38), is a Filipino mindset engraved to the general consciousness of Filipinos.

On a less religious concept, *Bayanihan*, a Filipino tradition that entails the concept of brotherhood is also a Filipino community value that is important to understand. It is a notion that connotes mutual aid, particularly manifested in rural traditional communities. This concept was perfectly portrayed by Fernando Amorsolo, Filipino national artist, on his painting of men carrying a traditional house to help a household in moving to a new place. This painting shows members of the community helping one another. According to M.A. Velasco of the Center for the Study of Philanthropy, cited in {APEC, 2006}, the notion of philanthropy and concern for humanity form part of the Asian psyche.

In this context, the concept of corporate social responsibility is not new amongst Filipino business communities. Philacor, the biggest manufacturer of refrigerators, washing machines, and the like, cited the spirit of *bayanihan* for its decision to

practice corporate social responsibility {Macaraya, 2006}. There are however few other drives that explain the evolution and presence of CSR amongst Philippine businesses.

In the Philippine literature of CSR, there has been a prevalent debate between conscience and accountability whereby, in the past years, CSR was perceived in the Philippines as peripheral, an add-on or an almost apologetic activity or tactical response to potential crises {Luz, 2001}. Its evolution, {Luz, 2001} observes, suggests that it is now adopted as a best practice integrated into the core of functions and value system of businesses.

Integration of CSR into business operations are seen to have provided internal and external benefits to Philippine companies. These benefits are best summarized by the Philippine Business for Social Progress (PBSP), largest corporate-led social development foundation in the Philippines established in 1970. According to PBSP's guidebook cited in {APEC, 2006: 4}, implementing CSR (i) enhances corporate reputation and social acceptability or boosting the corporate name and product recognition. It also (ii) increases employee's motivation and loyalty, (iii) improves stakeholder perception of effective leadership as relationships are built with the community officials and leaders, and it is (iv) ensures sustainability for the company as CSR enhances customer loyalty. These however can be achieved if, as PBSP

defines CSR, profitability and growth are attained alongside the development of communities, the protection and sustainability of the environment, and the improvement of the people's quality of life.

Studies on CSR in the Philippines also stress the incorporation of economic, social and environmental aspects. {Talisayon, 2009: 2} explains that these criteria were adopted in the UN Conference on Environment and Development, or most commonly known as the Rio Summit in 1992. These broad target issues were also adopted by the working group on social sustainability by ISO 2600 in 2007.

But looking at CSR from the temporality of international policies seems unappealing to the Philippine context. In the 2012 news article *How CSR is Evolving in the Philippines*, {Rimando, 2012} suggests that CSR push has not been coming only from the external and international factors. She quoted Lydia Sarmiento, former human resource of Vitarich Corp. and current president of the family foundation saying that *"Our CSR is rooted in the Filipino values, heightened by our religiosity and the culture of taking care of our family, including our employees"*.

To get a grasp of how CSR is understood by general population, the Social Weather Station (SWS) commissioned a survey to get the attitude, insight and opinions of ordinary Filipinos on CSR and corporate citizenship in 2006. The result suggests that

only one out of ten Filipinos are aware of CSR with high concentration on the National Capital Region (NCR). For the general public, it is seen as an obligation to help people, the community and the nation as a whole. The corporate's obligations are then narrowed down and specified towards their employees, the environment and communities who are in need {Mangahas, 2006}. In a 2013 survey conducted by Nielsen Global Survey on CSR, seven out of ten Filipino consumers are willing to pay more for goods and services from companies that have implemented programs to give back to society {Loresco, 2013}.

To summarize the debate on the concept of CSR in the Philippines, it appears that Philippine businesses have the awareness and understanding of CSR and are believed to have integrated it to their business operations. Literature also suggest that the benefits of CSR is understood by the Filipino companies, and though there is a debate on the temporality of the discussion between local culture and international treaties and trends, majority attribute it to the belief system that is dominantly practiced in the country. General public have general understanding of what is CSR, though not specified whether the exact concept of the act of doing CSR. There is however a market pressure given that 71% of consumers are willing to pay more for brands that are socially responsible.

2.3.1 History of the CSR Concept in the Philippines

In the history of CSR in the Philippines, two sets of literatures provided timeline on the evolution of the concept in the country. Though in practice, the act of businesses doing good have always been conducted amongst Filipino companies, the timeline provides a clearer understanding of how CSR was dating as early as 1950s up to present.

{Calingo & Delos Reyes, 2011:48-52} distinguish three major periods in the evolution of CSR in the country: (i) unorganized CSR (from 1960s to 1970s), (ii) organized philanthropy (from 1980s to 1990s) and organized movement (from 2000 to present).

{Velasco, 1996} on the other hand went into more details by categorizing decades of CSR's evolution in the Philippines. On her Study of Corporate Philanthropy in the Philippines, she categorized each decade by looking into the context during that specific period and the approaches companies did in response to the societal need during that time. According to her, 1950s is considered as the Decade of Recovery, 1960s is the Decade of Donations, 1970s is the Decade of Organizations, 1980s is the Decade of Involvement, 1990s is the Decade of Institutionalization, and the Millennium up to present is the Decades of Continuous Improvement.

Decade of Recovery (1950s): The 1950s was a period where the country was recovering from the war as well as the hype on Philippine's independence from the United States. Though during this period of time, there was no particular CSR strategy documented except from charities and personal philanthropy, the main objective was uphold cultural values damaged by the war and occupation {Velasco, 1996}.

Decade of Donations (1960s): the 1960s was characterized by social activism, crisis, and poverty. It was a period in the time of Philippines' history where social inequity was high. Social unrest was exhibited by massive protest and demonstrations and though social involvement then was still uncomplicated. The approach of companies was donations in cash and in kind, but these activities were sporadic, fragmented, and uncoordinated {Velasco, 1996} .

Decade of Organizations (1970s): The 1970s was highlighted by severe economic crisis worsen by the declaration of the Martial Law in 1972. Political turmoil and societal disorder was a scenario, and the survival of businesses was even threatened. As a result, business associations and organizations decided to coordinate and share their efforts through CSR programs in the forms of donations, strategic giving, and charities. Though it was a period marked by restrictions and lack of know-how on how to conduct CSR, the concept managed to evolve in the country {Roman, 2007:173}

Decade of Involvement (1980s): With the new regime, 1980s was a period of rebirth for the Philippines. It was a period of the EDSA (Efifanio de los Santo Avenue) Revolution, a peaceful demonstration that toppled the Marcos regime by Cory Aquino, the country's first female president. Though the government adopted many policies of deregulation, decentralization, and liberalization to increase foreign investment, the economy of the country continued to shrink in size as a result of the worsening debt crisis {Velasco, 1996}. The response of the company was through services to communities in a form of community relations (COMREL). This helped improve the lives for Filipinos and the promotion of peaceful business operations. Number of foundations also started to increase, favored by the new democratic system. In this context, companies became more involved in the development process of communities {Roman, 2007}.

Decade of Institutionalization (1990s): during this period, the Philippine Business for Social Progress aimed to create a more organized CSR strategy and developed the Area Resource Management (ARM) which focuses on providing capacity building and facilitated the connection with other partners among the NGOs and private sector. The notion of corporate citizenship also emerged as a concept. In this concept, businesses realized that CSR must contribute to the society's well-being beyond COMREL. The 1990s then was characterized by a more strategic CSR that strengthens the relations of private sectors and other stakeholders {Roman, 2007}.

Decade of Continuous Improvement (2000s to present): The millennium to present is a product of globalizations. And in this context, global trends on CSR greatly influenced the practice in the country. The notion of shared value by {Porter & Kramer, 2006}, became a new lens on how CSR is seen; an understanding that company's competitiveness and the health of the community is interdependent. The League of Corporate Foundation endorsed this movement by getting involved in educational projects and other collaborative initiatives. Another factor that continues to influence the CSR practice in the country are the international treaties such as the Millennium Development Goals and Sustainable Development Goals of which companies try to align their business strategies to achieve these goals {Albareda et al., 2008}.

2.3.2 CSR Drivers in the Philippines: Civil Society Lead

The current drive to widen the practice of CSR in the Philippines is prompted by strong civil society advocacy and the weak state of public finances. Government encourages business firms, through their CSR portfolio, to participate in addressing the financing gap in social development {Albareda et al., 2008} . With this context, various efforts from both the government and the civil society groups were realized to promote the integration of CSR into the business strategies of local businesses.

The earliest action that could be linked to the concept of CSR was the birth of the Philippine National Volunteer Service Coordinating Agency (PNVSCA) in 1964 under the National Economic Development Authority (NEDA). This government agency which started as a committee in 1964, to an office in 1973 and an agency in 1980, is mandated to promote and coordinate volunteer programs and services in the country (PNVSCA, ND). They work closely with all sectors of the society including the private sector to streamline volunteer efforts toward socio-economic development. Though the agency did not directly introduce the concept of CSR on its early inception, the agency recognizes the role of the private sector in socio-economic development efforts {PNVSCA, n.d.}.

Philippines is also characterized by the strong presence and participation of civil society groups as a result of many political demonstrations, unstable governments, and democratization {APEC, 2006}. That is why in the field of CSR, the efforts made by civil society groups are important in the evolution of CSR in the country. The first on list and probably the most prominent and influential on the discourse of the role of business in social development is the Philippine Business for Social Progress (PBSP). PBSP, which was established in 1970, is the largest corporate-led social development foundation in the country committed to poverty reduction. It is the first of its kind in Asia that leads the promotion and practice of CSR with over 260 large, medium-scale and small businesses comprising the foundation. PBSP works to

influence the business community in the country to integrate CSR into their core business and advocating the application of business strategies in addressing poverty {PBSP, n.d.}.

Association of Foundations (AF), which was established in 1972, is the first network of non-government organizations with a mission to enable its member foundations to develop sustainable programs that serve their communities. The networks have implemented various programs and have participated in various table discussions on sustainable development. One aspect of its mission is to utilize CSR as a way to engage the private sectors into the development process of the Philippine society {AF, n.d.}.

Two decades later, in response to the calamities that the country faces every year, Corporate Network for Disaster Response (CNDR) in the Philippines was established in 1990. It is a network of more than 50 corporations, corporate foundations, and business associations that optimize resources for sustainable disaster prevention, mitigation, and preparedness, as well as effective communication channels to allow the timely flow of information during disasters {CNDR, n.d.}.

On the same decade, the League of Corporate Foundations (LCF), was established in 1991. It is a network of over 80 largest operating and grant-making corporate

foundations and corporations in the Philippines, which continues to be at the forefront of promoting and enhancing CSR practice among its members and larger business community in the country. In 2007, it established the CSR Institute to function as the research and capacity-building arm of the league with the main goal to professionalize the practice of CSR by conducting research studies, publications, workshops, and forums. It also became one of the founding members of the ASEAN CSR Network in 2010. They also conduct CSR Expo in relation to the CSR Week every 1st week of July in response to the Presidential Proclamation that 1st week of July be the National CSR Week {LCF, n.d.}.

The formation of civil society groups and organizations among corporations influenced the direction and evolution of CSR in the country {APEC, 2006}. That is why, in recognition for the donations and assistance that corporate foundations have contributed to the society, the government, through the Tax Reform Act of 1997, Title II, Chapter VII Section 34 (H) which states that charitable contributions by corporations shall be allowed as deductible business expenses for income tax purposes. However, due to some cases where this clause has been taken advantage of, an Executive Order 720 by the former President Arroyo in 2008 was enacted, mandating the Philippine Council for NGO Certification (PCNC) to verify only legitimate donations to be claimed as tax deductibles (Executive Order 720, Section II, 2008).

Furthermore, in 2007, through the Volunteer Act of 2007, the government recognized that volunteerism is channeled through CSR by corporations. In Section 5 of the Republic Act, broad themes of volunteer gaps and opportunities were listed where corporations can help out. These include, but not limited to, health, education, sports, youth, environment, change management, scholarship programs and the like.

With the emerging and growing discussion of CSR in the country, in 2011, there was an effort both from the Senate and the Congress to pass a CSR Act under House Bill 4575 and Senate Bill 2474. The legislation, which was authored by former President Arroyo and then congress representative, mandates businesses to observe CSR or the obligation to consider interest of society by taking responsibility for the impacts of their activities. A provision on incentives was also mentioned. However, this moved has gained frowns from the side of the business sectors. On his article Responsibility without Coercion, {del Rosarion Jr., 2011}, provided reasons why there is no need for legislation on CSR in the country. First, he said that CSR has evolved way back in the 1950s even without the legislation. The manner and degree by which CSR is conducted, he suggested, is best determined by the corporate management rather than by the government. The legislation, he warned, may even constitute an undue burden that could threaten a firm's viability and competitiveness. And lastly, he mentioned that legislating CSR will tend to stifle rather than enhance the

development of CSR in the country. He concluded in his article in a satirical tone by sending a message that “if it ain’t broke, don’t fix it”. On the same year, the bill failed to pass and was re-filed by its original author to the 16th Congress in 2013 as House Bill 306 but suffered the same fate {Business World, 2013}. A counter resolution was submitted by Senator Miriam Santiago, under Senate Resolution No. 225 which suggests a creation of a proper committee on CSR to conduct inquiry in aid of legislation to encourage businesses to conduct CSR.

CSR is also included on the 5 year plan for the Small and Medium Enterprise and Development (SMED) Plan of the Department of Trade and Industry. Best practices are featured for emerging enterprises which will serve as their models.

In the Philippines, the practice of CSR is highly encouraged by all sectors of the society. The history of CSR in the country suggests that companies have started participating in social activities given the social context during those periods. Then the strong presence of civil society groups and networks has echoed these efforts. The government on the other hand, when it realized the contribution of CSR in the national development agenda, it provided policies and incentives that encourage an environment for CSR practice in the country. This is in recognition of the indispensable role of the private sectors and enterprises in the development process of the country (Philippine Constitution Article 2, Section 20).

2.3.3 Common CSR Themes and Practices in the Philippines

{Georgescu, 2016} provided a vivid picture of what kind of CSR initiatives the Philippines have on her dissertation presented to Osaka Jogakuin University. According to her, poverty levels influence the types of CSR and its implementation in the Philippines. She describes that the role of business becomes more challenged and the involvement and contribution of the private sector alongside other important actors like the government or the non-profit sector, becomes increasingly required.

{Luz, 2001} categorized CSR practices in the country into four: (i) resource transfer (corporate giving and philanthropy), (ii) community relations (COMREL), (iii) business/industry practices, and (iv) business opportunity. {Oliviar, 2014} provided an explanation by looking at the social context of the country. She said that it is understandable given the fact that in the context of a developing country such initiatives remain valid and legitimate because the government lacks the resources to provide for much needed public goods.

Community Relations is important for business particularly in building relationships to the community where the business operates. With this, they become the main target of foundation work and beneficiaries of companies' CSR initiatives. Citing Senen

Bacani in {Rimando, 2012}, president of La Frutera banana plantation in the south of the Philippines, “the community is our best security...” He further elaborated that it is in effort to ensure that there is no disruption in their business operations.

Other businesses in the Philippines also look at CSR by providing services as an alternative to public good that supports the welfare of the society. These may include helping constructing roads, helping in the restoration of airports (Caticlan Airport through San Miguel Corporation), and the like.

As previously discussed, volunteerism also dominates the form of CSR in the country. {Oliviar, 2014} describes volunteerism as CSR at its simplest. This kind of CSR involves the engagement of their employees into their community projects, even with the absence of policy. This kind of CSR however is described as sporadic and seasonal.

Social Partnerships also is a prevalent theme in the practice of CSR in the Philippines as explained in {APEC, 2006}. It can be seen with government partnerships or government led programs. For example is the “*Adopt-a-School Program*” by the Department of Education (DepEd), a result of the 1998 Republic Act 8525. It was a program launched as an anti-poverty program that provides opportunities for the private sector groups to partner with DepEd in providing assistance in modernizing and upgrading public schools. Government projects are also channeled through CSR

activities like the case of the *Davao Light et Power Company*. The local government of Davao provided the service of maintenance and installation of street lights while the power company provided for the needed materials. This project resulted to the drastic decreased of criminality and projected the city as a secure and world-class city.

Focus Area	Priority
Education	23%
Social Services	13%
Organizational Support	11%
Health	10%
Support to Government Programs	8%
Livelihood	5%
Environment	5%

Table 2: Focus Area Priorities of Businesses in the Philippines, RVR-CSR (2011)

Rafael Lopa, executive director of PBSP, cited in {Rimando, 2012}, also coins a concept of “*Collective Philanthropy*” whereby PBSP serves as the bridge that links the gap between the corporate members and the consortium’s network of non-governmental organizations, as well as funders, including other governments and philanthropist to achieve and implement a common goal and projects.

Discussing about the beneficiaries of CSR projects in the Philippines, Ramon V. Del Rosario Sr. (RVR) Center for Social Responsibility provided a prioritization list on their report on Corporate Giving in 2001 (See table 2). When asked of which theme they would focus their CSR expansion on, businesses surveyed said they are most likely to expand their CSR efforts to help address environmental issues.

For bigger conglomerates, a 2011 survey commissioned by the League of Corporate Foundation was conducted. The findings suggest that for companies with at least P60 million revenues per year, they favor to do their CSR efforts on the environment, followed by philanthropic initiatives, communications, and economic motivated CSR through financial support. The same study also put emphasis on the important role that the CEO of the company plays in CSR efforts. According to the survey, 77% of the CSR efforts by companies are initiated by the top management, thus CSR is a strong push from the top to be realized in the Philippines {Rimando, 2012}.

2.4 CSR in Thailand

In Thai terminology, the concept of corporate social responsibility is known as “Kham-rub-Pid-Choub-Tor-sung-Kom” (ความรับผิดชอบต่อสังคม), which echoes a responsibility to society or responsible conduct for society, which is not limited amongst corporation but goes across other organizations either in the government,

public or even non-profit sectors {Onozawa, 2013: 14-15}. The basic idea then of Corporate Social Responsibility in the country is basically Social Responsibility, a relative concept as how governments are expected to help benefit and better the Thai people and the society {Rajanakorn, 2012} .

Literature suggests that there is no clear history on how CSR was introduced in the country, at least not in the last 10 years. It is however presented by various accounts that Thai companies believe that they have been practicing the concept of CSR long before the name for such concept was coined {Udomkit, 2013}. {Pimpa, 2012} suggests that Thailand has long practiced a “patron-client culture”. It is also closely related to the concept of merit-making, a very important tenant in Buddhist teachings, and a predominant belief system in the country. This belief system transpires on how CSR appears to be conducted in the country, a claim supported by various scholars. {Rajanakorn, 2012}, on his dissertation, cited Thai businessman, Phiphat Nontanathron, who believes that the concept of CSR has long been practiced in the country inspired by Buddhist teaching of merit-making. From this inspiration, activities such as philanthropy, charity, sponsoring, volunteering and sharing by companies flourished and were put into practice. This reaffirms the claim of {Prayukvong & Olsen, 2009 #89} that Buddhist belief system and traditions are important drivers encouraging socially responsible practices in Thailand.

Giving back to the society is how Thai see CSR, resonating the 2009 study conducted by the Thaipat institute and the Foundation for Thailand Rural Reconstruction Movement of 4,350 business organizations in Thailand cited in {Pimpa et al., 2014: 5}. In their study, only 30.46 percent agreed to have an understanding on the concept of CSR. However, when the concept of CSR was further expounded through various discourses and descriptions, over 60% of the respondents show better understanding of what CSR is {Thaipat Institute, 2009}. It can be inferred that CSR is labeled in different terms or actions amongst Thai business organizations {Pimpa et al., 2014}.

In line with this, there has been a general reluctance to expand conceptualizations of CSR beyond philanthropy and community service to incorporate innovation and sustainable practices in Thailand {Udomkit, 2013}. Quality of CSR activities among Thai companies is also a major concern among the observers of CSR in the country {Pimpa et al., 2014}. The Asian institute of Technology's CSR Center, cited in {Pimpa et al., 2014}, conducted a study in 2011 where it shows that CSR scores from Thailand were fairly low compared to its counter parts amongst the countries in Pan Asia. There is however a need to take into consideration that the concept, not necessarily the act, is relatively new in the country. {Prayukvong & Olsen, 2009} also added that there is still no real consensus among business leaders about the definition, focus, or scope of CSR in Thailand. They pointed out that this is especially true for locale Thai Small and Medium-sized Enterprises (SMEs), whereas large

Multinational Companies (MNCs) usually had CSR programs that originated from their country of origin. With this context, it is necessary to look into the evolution of CSR in Thailand from when the context was first introduced.

2.4.1 History of CSR Concept in Thailand

Though there is a lack of substantial record on how CSR was introduced in Thailand, literature suggests various events and factors that brought the concept into the Thai business consciousness. {Prayukvong & Olsen, 2009} believe that the World Trade Organization (WTO) Ministerial Meeting in 1999 sparked efforts among Thai companies through discussion forums, meetings and training sessions to understand the concept of CSR. In these meetings, they mainly focused on building commitments and taking responsibility not only on economic, but expanding it to environment and social issues.

This was even taken into a higher level when The UN Global Compact was introduced and the Employers' Confederation of Thailand (ECOT) was selected to facilitate the promotion of the ten principles of the compact. It was then ECOT that channeled the concept to its members and increased awareness among Thai companies to be responsible and accountable to all aspects of the economic, social

and environmental development {Prayukvong & Olsen, 2009}. After such move, 30 Thai companies listed in the UN Global Compact.

{Rajanakorn, 2012} also points out that the inception of the Social Venture Network Asia, led by Mr. Prida Tiasuwan, brought in the concept of CSR into the consciousness of Thai businessmen. His business network members introduced to Thailand the concept of global CSR, making this as the vision and mission of the network. MNCs also played a very important role on how CSR was brought to Thailand {ADB, 2006}. Being coined as the logistic hub of Southeast Asia, the country became ideal for investors to bring their operations to Thailand. These MNCs brought their models of CSR with them. This was in compliance to the guidelines issued by the Organization for Economic Co-operation and Development (OECD), for MNCs to engage in CSR practices and advised that they conduct business only with companies that showed social and environmental concern {Sakornratanakul, 2010}. MNCs then had a strong influence to local companies, whereby compliance to their standards is required in order to engage business with them.

These factors that believed to have brought CSR into the Thai business operations reveal that in order to become a members of global standards, Thai companies need to follow suit. Partnerships with MNCs also pushed them to adapt to their standards. As Thai companies became more familiar of the concept of CSR, they have also

perceived its benefits in terms of building good will and community trust, affecting positively their companies' reputations and images. Furthermore, since the introduction of CSR in Thailand, it has created a better working environment with stronger enforcement of legal compliance and fair labor standards, more resilient stakeholder relationships, smoother management and lastly, stronger corporate social engagements or corporate philanthropy {Prayukvong & Olsen, 2009}.. Familiarization to the concept also allowed Thai businessmen to expand beyond the existing philanthropic and voluntary services {Rajanakorn, 2012}

2.4.2 CSR Drivers in Thailand: Business Lead

In an effort to promote awareness on CSR in Thailand, as pushed by factors discussed above, the government has set up various institutions and mandates along with the establishment of various organizations related to CSR. In 2002, the National Corporate Governance Committee (NCGC) which is comprised of government and the private sector chaired by the Prime Minister, was appointed to promote principles of good corporate governance and ensure their implementation {SET, n.d.}. The establishment was also a result of the reform efforts made after the 1997 financial crisis where the government focused on improving company practices especially in the areas of accountability, responsibility, equitable treatment and transparency.

In 2002, the Thai Government declared a national policy of promoting good corporate governance and designated that year as the Year of Good Governance {Limpaphayom & Connelly, 2004: 4}. That year, regulators, investors, as well as government and professional organizations have launched several activities, such as Board of the Year awards, conference seminars, company ratings, and studies to benchmark governance practices thus led to the mainstream of corporate governance.

The participation of private sector in social activities was also brought into the pedestal after the 2004 Tsunami crisis. The then Prime Minister Thaksin, was very distrustful and at times openly hostile to NGOs and popular movements {Simpson, 2005: 15}. After the Asian tsunami, economic and political nationalism led him to cut off foreign funds to NGOs thus putting more weight to the participation of the private sector to help the fix the aftermath brought by the disaster.

The Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) played a vital role in the reform process of the government. They were appointed to encourage the implementation of good corporate governance by evaluating current practices and launching a baseline of the best practices in corporate governance of Thai-listed companies {Thai Institute of Directors et. al., 2002}. Along with this efforts, SET launched the Corporate Social Responsibility

Institute (later been renamed as Social Responsibility Center) which has the mandate to provide sustainability guidelines for stakeholders in the capital market on sustainable development strategies and social impact investment (SR Center) {SET, n.d.a}.

Organizations also start to support the CSR efforts and promoted it to its members. These companies include the Thai Bank Association (TBA); Thai Industrial Standard Institute (TISI); CSR Promotion Center; Institute of Directors (IOD); Thailand Volunteer Services (TVS); and the Thaipat Institute {Prayukvong & Olsen, 2009}. National Center for Giving and Volunteering (NCGV) was also launched by the Ministry of Social Development and Human Security (MSDHS).

Though policies and regulations promoting corporate governance has been in placed before the 1997 crisis, {Trairatvorakul, 1999} asserts that the key ingredients missing from wider acceptance of good governance practices were incentives and enforcement. In 2006, SET created the CSR awards for companies that performed best practices of CSR. The award is granted to listed Thai companies that had been outstanding for their socially responsible operations, by promoting CSR systematically and strategically {SET, n.d.b}.

2.4.3 Common CSR Themes and Practices in Thailand

Philanthropy is a common CSR practice among Thai companies {Rajanakorn, 2012}. In 2008, cited in {Prayukvong & Olsen, 2009: 19}, the Association of Thai Registered Companies conducted research about the amount and kind of CSR activities conducted by 460 listed companies registered under SET. The result showed that they understand corporate giving and charity for organizations that support causes from social disadvantages to education as their CSR activities.

Volunteerism has also been a common theme among Thai companies, a more obvious strategy amongst MNCs as they have more exposure on embedding volunteerism into their CSR programs. For MNCs, as {Prayukvong & Olsen, 2009} continue to explain, there are many policies from their headquarters to designate staff time and activities to corporate volunteering, in comparison to local companies. This is because local companies cannot allot any free time to go volunteering because generally, SMEs' employees already multitask.

{Prayukvong & Olsen, 2009} also identified that community service programs were one of the most prevalent forms of observable CSR programs in the country. It is supported by the study of {Chambers et al., 2005} where they observed community involvement as the most prominent pattern of CSR. Their study also reported that

Thai companies practicing CSR commonly supports issues on education, training, environment and conservation, arts, and youth. {Ratanajongkol, Davey, & Low, 2006} added that these themes where companies focused their CSR on, depend on the type of business or industry of the company. They gave an example over manufacturing sectors whose focused was mainly on the environmental theme, whereas the service and finance sectors concentrated mainly on the human resource theme.

In terms of budget allocation, {Prayukvong & Olsen, 2009} revealed on their study that out of the top 40 Thai companies involved on their 5 year study, 36.7% spent less than 1 million baht, 31.6% spent between 1-5 million baht, and the rest allocates more than 5 million baht budget for the CSR activities. They concluded that Thailand is still on its early stage with regards to CSR efforts. However, for the past few years, they have observed that CSR has been implemented as social development, social and environmental contributions.

There are also some limitations that need to be discussed on CSR practice in Thailand. It has been observed that there is still unclear focused on the nature of CSR in the country. {Prayukvong & Olsen, 2009} noted that many are still unable to move past the internal aspects of CSR and toward external programs that can offer more benefits for the society and the environment on a macro level. Thai companies

also argues that they are often times caught avoiding advocacy or issues that might be seen as controversial thus opting instead for neutral and safe subjects. These limitations continue to challenge CSR practices in Thailand but compared to where they have started, there has been obvious attempts to integrate CSR with corporate strategies in order to support sustainable development initiatives globally.



Chapter III

Case Study 1: Malaysia's CIMB Group

3.1 Commerce International Merchant Bank Bhd (CIMB) Group

3.1.1 Company Profile

Commerce International Merchant Bank Bhd (CIMB) Group is a leading ASEAN universal bank, one of the largest Asian investment banks, and one of the world's largest Islamic bank with its headquarter located in Kuala Lumpur. With over 40,000 staff in 17 locations across ASEAN, Asia and beyond,, and with total assets of 465.2 billion MYR (\$116.6 B) and 40.9 billion MYR (\$10.25 B) shareholders' funds, it is considered the fifth largest banking group in ASEAN. With over 1,000 branches and over 12 million customers, CIMB has the widest retail bank network in ASEAN {CIMB Group, 2016}.

The history roots of CIMB Group, as narrated at the company's webpage, dates back to the establishment of the Bian Chiang Bank in 1924, which then later on renamed to as Bank of Commerce Bhd (BOC) in 1979. In 1986, BOC acquired the Pertanian Baring Sanwa Multinational Bhd in 1986, and renamed it to as what we now know as CIMB. CIMB Group however was not launched until in 2006. The CIMB Group today is

the product of acquisition and mergence of nine banks including Ban Hin Lee Bank (1935), Bank of Lippo (1948), Bank Niaga (1955), Southern Bank Bhd (1965), Bank Bumiputra (1965), United Asian Bank Bhd (1972), Pertianan Baring Sanwa Multinational Bhd (1974), GK Goh Securities Pte. Ltd. (1979), and BankThai (1998).






 CIMB	Our leading regional corporate and investment banking franchise.
 CIMB BANK	Consumer and commercial banking in Malaysia, Singapore and Cambodia.
 CIMB NIAGA	Consumer and commercial banking in Indonesia.
 CIMB THAI ซีไอเอ็มบี ไทย	Consumer and commercial banking in Thailand.
 CIMB ISLAMIC	Islamic products and services globally

Figure 4: CIMB Brands and Services

Today, the group operates under several entities including the CIMB Investment Bank, CIMB Bank, CIMB Niaga, CIMB Thai, and CIMB Islamic. The Group offers consumer banking, commercial banking, Islamic banking and asset management products and services. They also offer wholesale banking which comprises of investment banking and corporate banking, treasury and markets, and Group strategy and strategic investments with its core markets being in Malaysia, Indonesia, Singapore and Thailand {CIMB Group, 2016}.

Being the biggest universal bank in the region, CIMB Group also positions itself to continue building network, products and services best suited in the region, fulfilling their promise and the Group's tagline: "ASEAN For You".

3.1.2 CIMB Group Vision and Business Strategy

With its aggressive expansion in the region, and serving as the largest ASEAN universal bank, CIMB positions itself in achieving its vision to be the "Leading ASEAN Company". To achieve this vision, CIMB Group's mission is to *provide universal banking services as a high-performing, institutionalized and integrated company in ASEAN and key markets beyond*. In addition, they also would like to take part in *championing the acceleration of ASEAN integration and the region's links to the rest of the world* {CIMB Group, 2016}.

To realize the vision and the Group's mission, their business strategy and operation includes lending money by providing a broad range of essential banking products and services that match the needs of their customers in ASEAN. From this, they generate income through net interest margins, fees and commissions. In the lending process, CIM take into account the capital they have available, their risk appetite and the regulatory environments of the markets in which they operate. They source their

funding from the deposits that their customers and other investors entrust them with {CIMB Group, 2015: 10}.

In addition, they also source their gains from property and private equity, as well as other strategic investment activities. They also venture in customers long and short-term insurance, investment management, and advisory services.

3.1.3 CIMB Core Values

CIMB Group is a product of merging companies since 1924 and is positioning itself in the region to be the leading company in ASEAN. With this, their core values reflect where they would like to bring their company and how they plan to operate as a leading business entity both in Malaysia and in Southeast Asia. Their core values, as cited in {CIMB Group, 2015: 8} include:

1. **Customer-Centric.** With over 12 million customers all over the world, they exist to serve their customers and see products and services that their customers understand and value. Thus in their operations, they put their customers in the core of their business.

2. **High Performance.** As a Group, CIMB is relatively new in Malaysia and in the region with its launching in 2006. But they work hard and they work strategically for customers, staff and other stakeholders to deliver high performing results, both financially and with their societal and regional impacts.
3. **Enabling People.** They understand that in their business operation, creating value to people is the key. Thus CIMB empower and align people to innovate, and deliver value in their workplace as well as for the community they serve.
4. **Strength in Diversity.** Operating in a plural and multicultural country, and magnified by the diversity of people in Southeast Asia, they carry out their business with utmost respect for different cultures, and values varied perspectives. Ultimately, they recognize that diversity is the Group's source of strength.
5. **Integrity.** CIMB Group strives to be an honest, respectful and professional company in everything that they do because integrity, is the founding value of CIMB Group.

3.2 CSR Motivation for CIMB

CIMB Group is a product of the merging of companies in Malaysia, Thailand and Indonesia. It also positions itself to be the key player in the field of banking for ASEAN. Though as a merged Group, the company is young, its undeniable presence in Malaysia and in ASEAN is truly uncontested. This section discusses narrative on the general motivations that propel the CSR efforts of CIMB under the umbrella of CIMB Foundation, the Group's arm in implementing its CSR initiatives.

3.2.1 CIMB as Malaysian Player

CIMB Group is a public listed company registered under Bursa Malaysia since 1987 upon the Bank of Commerce (BOC) Bhd's acquisition of Pertanian Baring Sanwa Multinational Bhd. Bounded by the regulations of Bursa Malaysia, CIMB Group needs to align its CSR efforts and initiatives under the provisions of the CSR Framework. In addition, as one of the key Malaysian company players, it is driven to support the national agenda of the federal government to achieve the Vision 2020. In such context, the CSR initiatives of the Group follow the core focus of Bursa Malaysia's CSR Framework: Society, Environment, Workplace and Marketplace. Furthermore, sustainability and social responsibility has been a driving force that brought CIMB to where it is today.

3.2.2 CIMB as ASEAN Player

ASEAN For You, the Group's company tagline echoes its vision to be the leading universal bank in Southeast Asia. Its presence in all ASEAN member states, except the Philippines, shows their robust effort to realize their company's vision. With this, it recognizes that its CSR efforts are not confined to the borders of its home country, Malaysia. Various efforts are taken, with the leadership of CIMB Foundation, to conduct CSR initiatives in ASEAN. According to the CEO of CIMB Group, Mr. Nazir Razak, issues on sustainability in the area of environment, social and governance, requires not only broad approaches but approaches that transcends national boundaries {CIMB Group, 2015: 1}. In effect, an inclusive, innovative and adaptable approach on their CSR initiatives, are what characterize the CSR way of CIMB Group. These regional efforts are discussed in the next section of this study.

3.2.3 CIMB as a Global Player

Though the concentration for CIMB is to serve as a regional player in the field of banking and investment, it also paves its path to serve and create revenues and impact in the global market. With its global operations in Bahrain, India, Taiwan, Sri Lanka, Hong Kong, China, United States, and United Kingdom, meeting international standards also propels how they operate their businesses {CIMB Group, 2016: Our Presence}. In this context, CIMB has been utilizing the Global Reporting Initiative (GRI-

G4) to report its sustainability and CSR efforts. In addition, their reporting process seek to move beyond compliance and enter into an inclusive and meaningful dialogue with their stakeholders, with the aim of informing their strategy and building trust. In recognizing their need to be a responsible member of the international community, the Group is also committed to participate and comply with relevant and applicable international and bilateral laws, regulations and guidelines {CIMB Group, 2016}.

3.2.4 Harmony and Community Development in Diversity

One of the core values of CIMB Group refers to strength in diversity. In a plural and multicultural country like Malaysia where Malay, Chinese and Indian races dwell as one united community, the Group indeed recognizes its role to develop and support the harmony in Malaysia. From the diversity in workplace (both in terms of nationality, race and gender), harmony among customers, to the development of their community partners, their CSR efforts are strategically implemented to show that diversity is indeed a source of strength for them. This motivation holds true as they conquer the regional market of ASEAN, one of the most diverse region in the world.

3.3 CSR initiatives of CIMB Group

CIMB Foundation, the arm of the CSR and Sustainability efforts of CIMB Group, has focused their CSR efforts with a core idea of sustainability. They partner with communities and various local institutions that have expertise on the projects they implement. They align their CSR efforts along with the CSR Framework's core CSR broad platforms: society, environment, workplace, and marketplace. In this section, initiatives on each category are narrated to provide a picture of the CSR efforts of CIMB today. The documentation of the CSR and Sustainable Development initiatives are derived from the summary of published Annual and Sustainability Reports of CIMB Group in the years 2013-2015.

3.3.1 Society: Strengthening and Enhancing Communities

The initiatives of CIMB to alleviate and support their partner communities are divided into four sub categories: community development, sports, education, and natural disaster and general donations.

3.3.1.1 Community Development

CIMB Group believes that their community initiatives sustain the good will of their business operations and when these initiatives are done properly, it becomes a force



Figure 5: Community Development Approaches of CIMB Group, adopted from the CIMB Foundation 2014 Sustainability Report, p.14

for good in the society. In line with this mission, they have launched their flagship community project called the *Community Link Program* in 2007 through CIMB Bank and CIMB Islamic Bank. The program has an inclusive approach whereby employees and customers have the opportunity to propose initiatives that are targeted to support the communities of their branch networks. CIMB Foundation then covers for the cost of implementation and employees do voluntary work.¹ In 2015, a total of 21 projects have been approved mainly focusing primarily on socio-economic

¹ CIMB Sustainability Report 2013, p. 8

development, unity, culture and heritage, homes and shelters, environment, health, sports and education.²

CIMB Group also works to continue their support to various socio-economic empowerment programme through their community partnership programs. As an example of their socio-economic development project, RM 60,000 (\$15,000) was allocated to support the rehabilitation of Kampung Kiau, a small farming village and used to be known as the gateway to the peak of Mount Kinabalu in 1924. The trail however was dilapidated and the homestay owners are not able to attract tourists in that area. Through their local partnership with Borneo Ecotourism Solutions and Technology (BEST) Society and Borneo Eco Tours Sdn. Bhd., GOMPITO, a community-based organization, CIMB worked with the local villagers to develop sustainable tourism and income generation opportunities of local communities near Mount Kinabalu. The capacity building activities include opening a resource and learning center for ecotourism, English and computer literacy training, supporting alternative incomes to mountain guiding and enhancing the trail. In this project, they were able to support 425 Dusun people of Sabah.³

² CIMB Sustainability Report 2015, p. 40

³ CIMB Sustainability Report 2015, p. 41

Social empowerment is also the theme for CSR initiatives of CIMB Group. As in illustration, *Baking for a Living with the Cerebral Palsy Children's Association of Penang* has received funding to provide basic learning skills such as baking and cooking to boost the confidence and provide an income to students with cerebral palsy. The program also taught the students with financial literacy and bookkeeping. Another example is the *Road to ReCARvery with Teduhan Kasih Melaka* where the Group provides support and training in car repair for people from substance addiction. *Tailor Made Opportunities with Pertubuhan Penduduk Permatang Sungkain* supports single mothers and the less fortunate through executing sewing workshops.⁴

The Group also supports the promotion of Malaysia's rich culture through providing support in various school clubs to teach students and members of the community to play the Gendang, Malaysia's traditional two headed drum. They also provided the students of Maktab Koperasi Malaysia with the Traditional Gamelan Instruments to help diploma or degree students in the community to learn, play and better understand the art of traditional musical instruments in the country.⁵

⁴ CIMB Sustainability Report 2015, p. 42

⁵ CIMB Sustainability Report 2013, p. 32

Awareness programs are also supported by the Group. For example, they provided funding to the Onyx Charity Association of Selangor to conduct Anti-slavery Youth Workshop to create awareness and share ideas amongst potential activists.⁶

3.3.1.2 Education

Education is one of the priority areas of the CIMB Foundation. The Group believes that to provide and support community based learning, there is a need to facilitate the access to knowledge and learning. The programs and initiatives run from scholarship grants, both in Malaysia and in the region, education assistance to persons with disabilities, and supporting other state education programs in Malaysia.⁷

To assist the students with disabilities, the Group conducts Braille Music Literacy Workshop with St. Nicholas' Home in Penang. The support talented blind and visually impaired students complete their music studies by recruiting music teachers and volunteers for the school. Grants were also provided by the Group to *Sekolah Kebangsaan Khir Johari* to develop and expand a programme for students with learning disabilities and build an integrated multi-sectorial therapy room for them.⁸

⁶ CIMB Sustainability Report 2015, p. 47

⁷ CIMB Sustainability Report 2014, p. 34

⁸ CIMB Sustainability Report 2015, p. 51

CIMB promotes a child-friendly environment for students to have facilities conducive for learning. In line with this, they also provide grants to provide updated classroom facilities. One of the recipients is the SJK Gentong's Smart Classroom where they equip the school with appropriate information and communication technology (ICT) facilities and support students to be computer-literate. SMK Sen Bandong on the other hand was equipped with language laboratory dedicated to teach English with full ICT facilities and materials. Supplementary learning aid facilities such as libraries are also supported by the CIMB Group through the *CHILD's Reading is Fun Programme* which aims to help cultivate learning habits amongst primary students in six schools. They support them with resources and encourage students to read through activities like reader's theatre, spelling bee, concerts and awards.⁹

CIMB Group also recognizes the importance of transformative education. Thus through their Community Link Project with Sekolah Integrit Kajang in Kajang Prison, the school received educational and reference books valued at RM10,000 (\$2,500) to enable juveniles who were tried as adults receive quality education whilst in prison.¹⁰

Partnership in its initiatives drives the impact of their project in education. As an example is their partnership with PINTAR (Promoting Intelligence, Nurturing Talent

⁹ CIMB Sustainability Report 2015, p. 52-55

¹⁰ CIMB Sustainability Report 2014, p. 11

and Advocating Responsibility) Foundation. PINTAR serves as the middle ground between companies doing their CSR and schools with much needed support. One of their projects is the school adoption program. With this, CIMB Foundation chose schools located in the same district, and implemented a 3-year programme.¹¹

To promote ASEAN in the region particularly among the youths, CIMB Foundation initiated the CIMB Young Leaders ASEAN Summit in 2012. The Summit provides learning opportunities to 50 of the most outstanding students from various educational institutions within the ASEAN region. It is modeled on the ASEAN summit and coaches future leaders in the regional integration of ASEAN. The highest performing team, then were sent to attend the ASEAN Business Club (ABC) forum of the same year where they get to participate with the discussion among the business leaders in the region.¹² They also launched the CIMB Learn ASEAN Program, an awareness-building initiative for schools in collaboration with the Government of Malaysia under the auspices of Malaysia's Chairmanship to ASEAN. School books about ASEAN were distributed to provide reading tool for children to learn more about the region where they belong to.

¹¹ CIMB Sustainability Report 2014, p. 40

¹² CIMB Sustainability Report 2014, p. 38-39

CIMB Group, through CIMB Foundation also provides scholarship grants both in Malaysia and in the region where their business operates. Scholarships support further studies in various areas in universities of the recipients' choice. Some scholars are studying in the Europe, US, and some in Asia.¹³

3.3.1.3 Sports

Sports is one of the pillars of CIMB Foundation's supports pillar. With their sports program, they aim to use sports as a platform to promote national unity and racial integration amongst the younger generation. In addition they also believe that through sports, they can focus development on psychological and social assents for top athletes and educate junior athletes to give back to the community and build a circle of community empowerment. Their sports development program includes squash, golf, and football development programs and academies.

They sports activities also include Paralympic for persons with disabilities. CIMB Foundation realized the lack of resources and funding in Malaysia for Paralympic sports. Thus in 2014, they supported the Pan-disability Football Academy, wheelchair rugby and wheelchair basketball grassroots program.¹⁴

¹³ CIMB Sustainability Report 2014, p. 42

¹⁴ CIMB Sustainability Report 2014, p. 32

Football is one of the biggest and most popular games in the country. Through the CIMB YFA Bintang Muda, a community football academy, they enable to provide free trainings for underprivileged children making the sport accessible to children regardless of financial status. Today, over 2600 junior footballers train in their nine centers in Malaysia.¹⁵

3.3.1.4 Natural Disasters and General Donation

CIMG Group has two approaches for its donation programs: through CIMB Foundation and through the CIMB Islamic Bank. The Foundation caters to general donations while the Islamic Bank caters to a more specific Islamic community. Both have helped during the flood in Tamerloh, Penang. Their employees volunteer to do food donation drive and give up clothes for good donation drives. For the Islamic Bank, they helped their staff who were affected with over RM500,000, and have channeled their assistance through other organizations like the Malaysian Red Crescent Society who provided hygiene kits, Malaysian AIDS Foundation to rebuild drop-in centers and other properties destroyed by the flood. As a recovery measure, they also partnered with Universiti Malaya to build tube wells for clean drinking water in affected areas,

¹⁵ CIMB Sustainability Report 2015, p. 63

and invested RM100,000 that enabled 9,500 victims to enjoy buka puasa meals, a meal that breaks the Ramadan fasting season.¹⁶

For general donations, CIMB Foundation supports PRIDE Foundation Malaysia's Walk with PRIDE to provide awareness on breast cancer and provide support to patients. They also support Food Aid Foundation, a food distribution program for the urban poor and homeless in Chow Kit Area. CIMB Group also contributed for the Swing from the Hearth 2015 initiative which assisted the IJN Foundation in helping needy heart patients undergo treatments and surgeries.¹⁷

For the CIMB Islamic Bank, they sponsored in 2015 photography exhibition on the spirit of Ramadhan showcasing photographs from over 40 countries. In partnership with Briged Bakti Malaysia and the Orang Asli community, the Islamic Bank conducted the Ihya Ramadhan CIMB Islamic project to help the community hit by floods prepare for Ramadhan and Hari Raya Aidilfitri celebrations. Support included upgrading their houses, providing a Public Awareness System for the surau and building a student resource center for the community. In 2014, they also made sizeable donation to the United Nations Relief Works Agency that rebuilds homes,

¹⁶ CIMB Sustainability Report 2015, p. 69

¹⁷ CIMB Sustainability Report 2015, p. 68

schools, and hospitals for war ravaged Palestinians through the Mercy Malaysia-Gaza Relief Fund.¹⁸

In their donation programs, CIMB recognizes the specific approach and needs of various communities. As it is showed on how CIMB approached the Muslim community in Malaysia, they channeled it through their CIMB Islamic Bank, which can then fully understand in a deeper sense their specific needs.

3.3.2 Environment: Managing Our Environmental Impact

For CIMB Group, managing the environmental impact across their operation is a big task, given their vast physical presence in the country and in the region. However, they have incorporated processes to ensure that their carbon footprints are managed. In addition, they have identified that partnerships with their stakeholders particularly the local communities in undertaking environmental activities and resource conservation is the key ingredient in realizing their environmental programs.

¹⁸ CIMB Sustainability Report 2014, p. 61

3.3.2.1 Internal Environmental Management

According to the 2015 sustainability report of CIMB, their banking operation and office natured company's main environmental footprint consist of office materials and energy usage. Thus, in the operation of the business, they have adopted best energy management practices guided by the Energy Commission. All of their office appliances and equipment are secured to be energy efficient and cost effective. Furthermore, they have also incorporated awareness campaigns to increase the knowledge of the staff¹⁹. In 2014, they held series of Workshop on Recycling Used Materials under the theme "Let's Improve Environmental Awareness by Recycling Scraps into Crafts".²⁰

As a company that operates in the financial industry, they acknowledge that the bulk of waste produced is made up of office materials. With this, CIMB does its best to keep office waste to a minimum and recycle whenever possible. In 2015, 235,510 kilograms of paper were recycled due to the disposal of old records dating 12 years of age. In terms of business related travels, they recently established the Corporate Travel Management Department which monitors and measures all business travel.

¹⁹ CIMB Sustainability Report 2015, p. 24

²⁰ CIMB Sustainability Report 2014, p. 99

The department also ensures that they only use hotels that implement green initiatives. The CIMB Group's headquarter in itself has green building features.²¹

3.3.2.2 Environmental Related Community Link Initiatives

Aside from ensuring that business operations operate with environmental consciousness, CIMB Group also initiates programs and projects under their Community Link Programme. For example, in 2015, in partnership with Reef Check Malaysia together with 120 CIMB staff volunteers. They conducted a two clean up weekends at Pulau Mantanani, Sabah. In their operation drive, they yielded over 150 bags full of plastic bottles for recycling. After their successful efforts, they included the cleanup program to be integrated with the Clean Coast Rangers program with Blue Life, an organization working on community development programmes in Mantanani.²²

CIMB Group through its Foundation also supports the Sustainable Eco Education Development for Schools (SEEDS) Malaysia organized by E-Magineers, creative industry firm. The inaugural conference held in 2014 in Petaling Jaya, brought together educators, facilitators, corporations, NGOs, government bodies and members of the public together. The two-day conference showcased environmental

²¹ CIMB Sustainability Report 2015, p. 23-25

²² CIMB Sustainability Report 2015, p. 48

solutions, reduce-reuse-recycle (3R) process, and educating children on the importance of protecting and sustaining the environment.²³

3.3.3 Workplace: Investing in our People

CIMB values innovation and high performance in all of their business operations. And in doing so, they acknowledge that the key to success of their business is by valuing their team members and their talent. In 2011, they were named as Malaysia's Most Caring Employer by the Malaysian Ministry of Human Resource²⁴, and consistently on the top 10 Graduate Employers Award in Banking and Financial Services sector presented by the Malaysia's 100 leading Graduate Employers. This may be attributed to their flexible benefit scheme which allows employees to tailor benefits provided by the Company to suit their personal needs. With this, management views that it is a step forward to attract the right talents and to retain its current employees.

3.3.3.1 Corporate Culture

To realize the objectives of CIMB, it recognizes that a healthy organizational culture is as important as a sound strategy and operating models. In 2014, they launched the *A Better CIMB* with three critical behaviors, (i) go and extra mile, (ii) respect each other

²³ CIMB Sustainability Report 2014, p. 38-39

²⁴ CIMB Sustainability Report 2011, p. 5

and engage openly and work together (iii) and recognize each other's efforts and always back each other up. To demonstrate these, they organized informal leader groups to identify individuals who inspire others, and are able to lead in their own way and who also naturally exhibit the three critical behaviors. Every Tuesday night, across the Group Management Committee, members have casual and informal chats and discussions with their junior colleagues to share ideas in their operations.²⁵

3.3.3.2 Diversity and Equal Opportunity

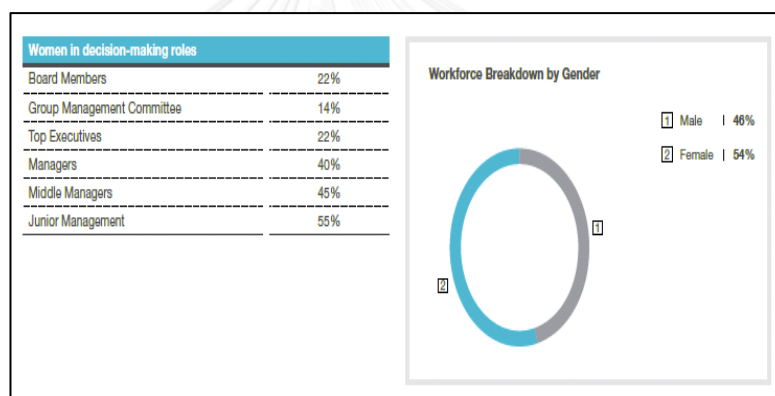


Figure 6: Gender Equality in Workforce, 2015 CIMB Sustainability Report, p.30

One of the values of the Group is Strength in Diversity. The CIMB Group stands to respect different cultures, value perspectives, and recognize diversity as a source of strength. Thus, in their business operation, they embrace diversity both inherent and acquired. Inherent being diversity that involves traits you are born with such as

²⁵ CIMB Sustainability Report 2014, p. 53

gender, ethnicity or disabilities. Acquired on the other hand refers to traits gain from experiences such as varying views and perspectives.

In recognizing these diversities, they get to demonstrate caring environment for their people. They have loaning systems, from lower to medium income groups. Special life events such as marriage, birth of a child, and the Haji²⁶ are also covered for by the Group. They also support employees who take up higher education through scholarships and sponsorships. Nurturing such environment, according to the Group, leads to a more productive and educated workforce that can make greater contributions to the bank's performance.

In terms of remuneration, they employ "pay for performance" approach which ensures that individual rewards and incentives are commensurate with performance and contributions to the company's overall performance. Complete medical package is rewarded both for employees and their families, subsidized child care and paternity leave.²⁷

²⁶ Haji is an Islam pilgrimage to the Hajj in Mecca.

²⁷ CIMB Sustainability Report 2015, p. 29

3.3.3.3 Learning and Development

CIMB Group believes in continuous learning and development in order to build a healthy talent pool. Thus, through their Talent Management schemes, they work to achieve their ambition to become the ASEAN talent and leadership factory. Employees in the region received hours of training with an average of 46 hours of learning per year per employee with a total spending of RM 87.7 million (\$27.97 million) on trainings.²⁸

Few of their leadership programmes include CIMB-INSEAD Leadership Programme, the Complete Banker Programme, CIMB Accelerated Career Enhancement Program, and Global Employee Mobility Program with all trainings and programs equipped with learning facilities. These programs are aimed to further widen the expertise and knowledge of their employees so they can, in return, be more productive member of the CIMB's workforce and will serve as a pool of business leaders in the region.

3.3.3.4 Employees' Engagement

An engaged workforce improves company and its performance. At CIMB, the employee engagement begins with an open and collaborative culture. From the time

²⁸ CIMB Sustainability Report 2014, p. 31

employees join the company, various level of engagements await them. They engage their employees through various communication channels such as CIMB News, email communication and management summits. They also have the Leadership Awards to give recognition to emerging ASEAN Leaders. In divisional and departmental level, employees are also invited to participate in various conventions, sessions, team luncheons and dines, team building activities and dialogue breakfast sessions.

CIMB also places health and wellness as high priority. They have gymnasiums at two of their main buildings where they organize fun and recreational activities such as yoga, dancing and aerobic classes. CIMB also organizes various sports events for the employees. CIMB also launched the CIMB Sea Games in 2014 to bring together employees of CIMB from all over the region.²⁹

Furthermore, CIMB also celebrates religious activities with their employees. For example, CIMB annually organizes the CIMB Hari Raya Gathering participated by over 5,000 staff. During these events, the staffs were also encouraged to donate to the CIMB Charity Drive.³⁰

²⁹ CIMB Sustainability Report 2014, p. 58

³⁰ CIMB Sustainability Report 2014, p. 61

Another engagement opportunity for the employees is through the CSR activities of the Group coursed through its CIMB Foundation. Employees get to participate in its Community Linked projects where they are also given the opportunity to initiate their own project. Employees are encouraged to participate in various volunteer activities of the company in order for them to understand the needs of the people around them.

Along with engagement, CIMB works closely with the labor unions to ensure their firm commitment to freedom of association and collective bargaining. With this, employees enjoy their right to be informed and included in the decision-making process of the company which safeguards their rights and interest while providing a greater sense of ownership. Today, there are over seven different unions that represent various categories of their employees.³¹

3.3.4 Market Place: Business-Driven Sustainability

As a customer-centric and high performance driven company that enables people, CIMB is propelled to create products and services that bring meaning and that enrich the lives of their customers. Thus, they respond to both commercial and sustainability challenges in a way that builds mutually satisfying linkages and

³¹ CIMB Sustainability Report 2015, p. 35

operationalize changes in a more effective manner through stakeholder engagement. All of these is to contribute to a sustainable marketplace in Malaysia, in the ASEAN region and beyond.

3.3.4.1 Client Charter

CIMB is committed to honest, integrity, professionalism and excellence in all of their business transactions. Its corporate governance practices highlight the importance of good practices in dealing with their customers. Their client charter includes ensuring safe and reliable operations both in personal and system based transactions. They also safeguard the privacy of their information to ensure the public trust and confidence in their products. CIMB also works to provide reliable and quality services to provide only reliable and high quality services along with the assurance of transparency. As a customer-centric Group, they provide prompt responses and action for customer enquiries and complaints.³²

3.3.4.2 Responsible Finance

Small-Medium Enterprise (SME) Sector represents a substantial portion of all economic activity in the region, where new jobs are created by this sector. With their

³² CIMB Sustainability Report 2014, p. 83

goal to ensure responsible financing in their operation, CIMB is one of the first banks to launch a Goods and Services Tax (GST) Assistance Program to help SME customers to cope with the high working capital requirements. Furthermore, Private Retirement Scheme (PRS) is also offered by the company to encourage Malaysians to save enough for retirement. The PRS of CIMB is the largest in Malaysia, both as a provider and as a distributor. Along with their responsible financing schemes, they also raise awareness among their customer on financial literacy to underprivileged groups by providing them with the element of entrepreneurship and skills. This is conducted through the Islamic Finance and Sustainability to provide protection, savings and financial flexibility to assist Muslims in fulfilling their religious aspirations and obligations.³³

CIMB also supports the Bumiputera Entrepreneurs through the CIMB Bumiputera entrepreneur Skills Transformation (BEST) Program launched in 2014 to empower Bumiputera entrepreneurs with knowledge of finance, business development, and management. This helps create access to markets and funding opportunities.³⁴

³³ CIMB Sustainability Report 2015, p. 17

³⁴ CIMB Sustainability Report 2014, p. 85

3.3.4.3 Customer Efficiency

To provide an up-to-date information and communication with their customers, they have launched various programs and applications. For example, the CIMB Plug n Play, which allows businesses of any size to conduct mobile transactions by simply plugging in portable Plug n Play card reader into their mobile devices. This allows businesses to readily accept chips with signature-based credit and debit cards.

CIMB also launched the CIMB OctoSend as a new way for users to send money to others using their mobile numbers or email addresses. This allows customers to easily and efficiently transfer money to their friends, allowances to their children or donate to charities without bank account details.

The company also has a CIMB Kwik Account is the easiest and only CIMB account that can be instantly registered and activated online with minimum balance capacity of RM10. The services offered with the Kwik Account include standard banking services as well as send money, ATM withdrawals, paying bills and topping up prepaid reloads.³⁵

³⁵ CIMB Sustainability Report 2014, p. 86

3.3.4.4 Responsible Marketing

Providing accurate and transparent information that keep customers informed is one of the daily practices of CIMB. Thus, the marketing, sales, and advertising ensure those customers' investments and banking options are based on the most current information, and follows industry best practices to ensure communication materials contain clear and precise information.

CIMB's integrity is also reflected by their commitment to provide accurate and transparent information to the valued customers. Thus CIMB informs customers of every products and services the company delivers. For example, CIMB experts present investments and structured products to their customers and inform them of the potential returns and risk involved in these investments.³⁶

3.3.4.5 Sustainable Procurement

Though environmental and social performance is not specifically stipulated in supplier contracts, these elements however are included in supplier selection during the Request for Information (RFI) process. Thus, suppliers must disclose relevant ISO 14001 certification and their contribution to the environment and society.

³⁶ CIMB Sustainability Report 2015, p. 20

The CIMB's procurement team monitors suppliers' environmental and social performance on an ad-hoc basis. Their environmentally Preferable Purchasing helps CIMB reduce environmental impacts with its suppliers. As a company that aims to ensure they comply with all of the environmental standards of the country and of international standards they are regulated by, they take the responsibility to enact the same to their supply chain, setting as a good example for Malaysian business community.³⁷

3.3.5 Regional CSR Initiatives

The presence of CIMB in the ASEAN region propels them to bring their CSR efforts and initiatives outside Malaysia. CIMB Foundation works with various local sectors and local organizations to ensure that their programs fit into the local context of the country as well as programs that responds to the immediate need of the country. In this section, cases of CSR initiatives of CIMB are narrated through CIMB Cambodia, CIMB Niaga in Indonesia and CIMB Thai in Thailand.

³⁷ CIMB Sustainability Report 2015, p. 21

3.3.5.1 Cambodia

Cambodia is relatively new country where CIMB operates. The initial CSR related efforts of the company in Cambodia are focused on the field of education. Throughout 2014, several activities were organized by CIMB Cambodia to raise funds to improve the learning standards and literacy amongst children. The funds then were used to purchase books, stationary materials, learning materials, bookshelves, and other essential items for education. In some areas, the whole classrooms were renovated to ensure the functionality of spaces conducive for learning.

CIMB Cambodia also took place in health related campaign in the country. In 2014, the management donated cash collected from employees to the Katha Bopha Children's Hospital, a non-profit hospital. They also participated in the 20th Angkor Wat International Half Marathon in 2015 to support important causes like calling for a ban on anti-personnel mines.³⁸

³⁸ CIMB Sustainability Report 2015, p. 75

3.3.5.2 Indonesia

CIMB Niaga is the oldest CIMB operated bank in the CIMB Group. Through CIMB Niaga Care³⁹, the Indonesian network of the CIMB Group focuses on four areas: education, community development and empowerment, environment, and philanthropy {CIMB Niaga, 2016}.

For education, they provide various scholarship grant schemes for talented young people. They also share their expertise to younger generation on financial literacy through practical education on banking for general public, mainly targeting public schools. Through their Let's Save and Share Program, they aim to get children to start saving and sharing at an early stage. They also provide support access to education to support the improvement of the quality of education through their community empowerment through education programs series.

CIMB Niaga also strives to increase social economic condition in Indonesia thus they also conduct local version of the Community Link Program and the Employee Volunteer Program to engage its staff in its CSR efforts. In the field of environment, the actively participates in preserving the planet earth through Green Offices and Go Green campaigns. They also channel their CSR through philanthropy in the form of

³⁹ CIMB Niaga Care Full CSR Report, <https://www.cimbniaga.com/en/personal/cimb-niaga-care.html>

donations or implementation of activities to stakeholders and communities. The overall objective of these efforts is to help improve the welfare of the people they serve and the community where their business operates.⁴⁰

3.3.5.3 Thailand

CIMB Thai's CSR initiatives cover education, environment and energy as well as social and community development through the Community Link programs. All of the CSR initiatives of CIMB Thai aim to create value and strengthen relationships with employees, shareholders, customers, local communities, partners, and suppliers.

In Thailand, the Community Link projects of CIMB look for long-term participation by all of its employees, and management executives. The projects are ensured to fit into the local context of the country as well as support local traditions and customs. As a demonstration, in honor of the 2,600th Anniversary of Lord Buddha's Enlightenment and the birthday anniversaries of His Majesty King, His Majesty Queen, and His Royal Highness Crown Prince, CIMB Thai joined hand with Yannawa Temple in hosting the Save Cattle Lives Project. CIMB Thailand looks to annually participate in this auspicious occasion in the country.

⁴⁰ CIMB Sustainability Report 2015, p. 70

In the field of education, they support schools by funding their computer learning centers, like in the case of Ban Phon Krang School in Nakhon Rachasima Province and Ban Nonghi community in Roiet Province. They also support the Community Knowledge Base Club through Computer Learning Center for Non-Formal Education students in Huai Khwang Community in Bangkok.

Their environment related program is focused on mangrove reforestation project in partnership with various local organization and institutions. During the flooding season as well, CIMB Bank extends its support by donating relief fund with a total of THB 950,000 (\$9,970). In the field of health, CIMB Thai also conducts yearly Blood Donation Events in partnership with the Thai Red Cross Society's Generosity in Drought Season with Blood Donation Project. Volunteers are comprised of the staff and executive members of the Bank, and its employees.⁴¹

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3.4 CSR Operation and Management of CIMB Group

CSR is important in the operation of CIMB both in Malaysia and in its external operations. As a public listed company, its regulations are closely monitored by the Bursa Malaysia. Its sustainability efforts are also in par with international standards particularly the Global Reporting Initiative (GRI). The programs discussed in the

⁴¹ CIMB Sustainability Report 2015, p. 73-74

initiative section show the broad-to-specific approach of the Group. Its community link programs show that local contexts are closely taken into consideration to match with the need of the society as well as to conform to its belief system and customs. In creating value, they look beyond present circumstances and requirements to actively anticipate the future.

3.4.1 CSR Operation of CIMB Group

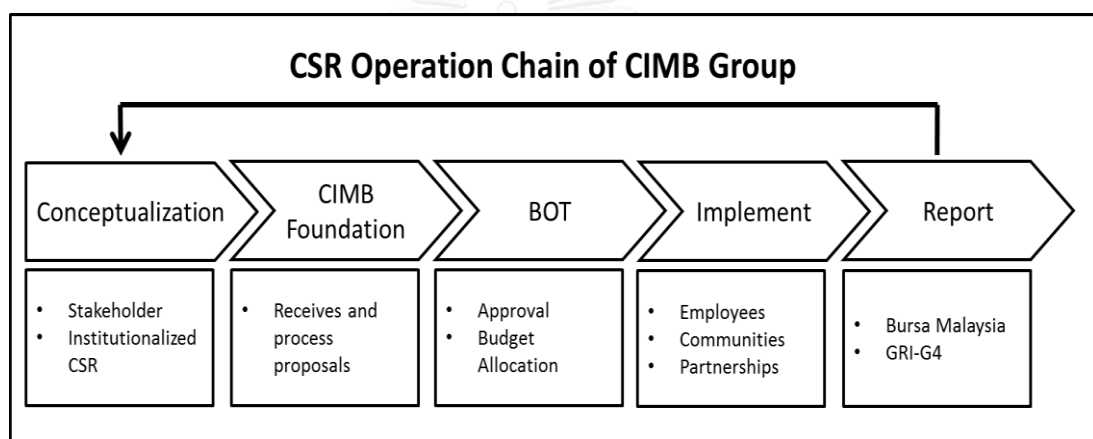


Figure 7: CSR Operation Chain of CIMB Group

3.4.1.1 Project Conceptualization

In the project conceptualization, the CIMB Foundation follows the national CSR Framework launched by Bursa Malaysia. However, as indicated and shown in the example of its CSR initiatives, it is clear that they go beyond requirements. In its CSR initiatives, there are two main sources of its CSR initiatives: the Stakeholders, and the Institutionalized CSR by the CIMB Group.

Stakeholders. The stakeholders, from the employees and its customers, as well as the community they serve can initiate projects that CIMB Foundation can support. In the case of their flagship CSR initiative, the Community Link Project, the employees are encouraged to submit proposals for community driven projects. Customers are also given the opportunity to submit concept projects to CIMB to be implemented in the areas where their networks operate. In the CIMB Foundation's website⁴², there is an application process where anyone can submit proposals on projects related to the Foundation's focus areas: (i) socio-economic, (ii) environment, (iii) culture and heritage, (iv) health, (v) community sports, and (vi) education.

Institutionalized CSR. The institutionalized CSR initiatives that the company incorporates into its business operations reflect the national economic agenda of Malaysia and with reference to the 2020 Vision. These initiatives are conducted in the institutionalized level because it is targeted to address sustainability in the workplace, market place, and the environment.

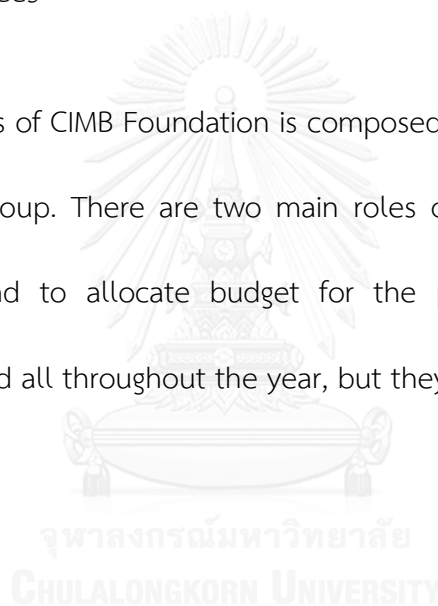
The accepted and conceptualized projects are then submitted to by the CIMB Foundation, the CSR arm of CIMB Group. They work with local communities to

⁴² Project Grant Application Process of CIMB Foundation,
<http://www.cimbfoundation.com/Foundation/Grant-Application>

improve the concepts and they ensure that the submitted projects are sustainable and are under the parameter of their focus areas. The institutionalized CSR then are incorporated in all aspects of the business operations, managed all together by CIMB Foundation, Operation Management, and the Human Resource Management of the company.

3.4.1.2 Board of Trustees

The Board of Trustees of CIMB Foundation is composed of six members including the Chairman of CIMB Group. There are two main roles of the board, to approve the proposed project and to allocate budget for the project implementation. The proposals are received all throughout the year, but they carry out decisions on grants in a quarterly basis.



3.4.1.3 Implementation

The implementation of CSR initiatives in CIMB Group are realized by the collaboration of three actors; the employees, the communities, and the partner organizations. This partnerships, collaboration and engagement ensure a holistic approach to its CSR initiatives and to ensure mutual benefit and learning experience to all of its stakeholders.

Employees' Engagement. As part of the employees' engagement, one of the factors included in the sustainability agenda in the workplace, CIMB sees its employees as one of the biggest contributors to the successes of its initiatives. Employees serve as volunteers in its various efforts. In specialized project, such as the case of CIMB Islamic Bank, they ensure that those who are involved fully understand the culture and the context of Islam. The employees also, in various instances, raise funds to help the community particularly when certain areas are devastated by calamities.

Community Engagement. Communities are very much involved in the process of CIMB's CSR operation. They involve the community in the planning in order for them to understand the importance of the project, as well as to ensure sustainability. Community engagement is also important ingredient to build trust and partnership in the community they serve. CIMB provides the support but they would like the community to have ownership in the project.

Partnerships. CIMB's CSR are also directed to support programs of various institutions. As demonstrated on its philanthropic and general donations, they work with organizations with expertise on their relevant focus areas. As an example, PINTAR Malaysia has undisputed record in school adoption program in Malaysia, Malaysian Red Crescent Society which specializes on disaster's relief, and the like. The key

word for these partnerships to be realized is that partner organization provides expertise on areas where the CIMB Group supports.

3.4.1.4 Reporting

CIMB Group is bounded by the regulation of Bursa Malaysia's CSR Framework. In the reporting scheme, they submit their report to the country's stock exchange. They also publish their sustainability report under the Global Reporting Initiative-G4 (GRI), which then they share to their social media, websites and to their internal and external publications. The GRI reporting scheme allows them to track their sustainability impact as well as to identify areas for improvement on their sustainability and CSR practices.

Their reports also contain forward looking statements that represent the expectations, beliefs, plans, and objectives of CIMB's management on its sustainability performance in the preceding years. The report also is an instrument for them to get feedbacks to ensure CIMB covers areas that matter to its stakeholders.

Ultimately, their reporting is strategically done to seek to move beyond compliance and enter into an inclusive and meaningful dialogue with their stakeholders, with the

aim of informing their strategy and to build trust in the community they serve and they work with.

3.4.2 CSR Management of CIMB Group

3.4.2.1 *The Role of Bursa Malaysia*

Bursa Malaysia is the exchange holding company approved by the federal government of Malaysia under the Section 15 of the Capital Markets and Services Act to regulate and manage the public listed Companies (PLC) in Malaysia. In the CSR development of the country, Bursa Malaysia played a pivotal role when it incorporated the mandatory CSR reporting scheme to all of the PLCs in the country. Their CSR Framework provided for the clear vision and focus on where Malaysian companies should direct their CSR efforts.

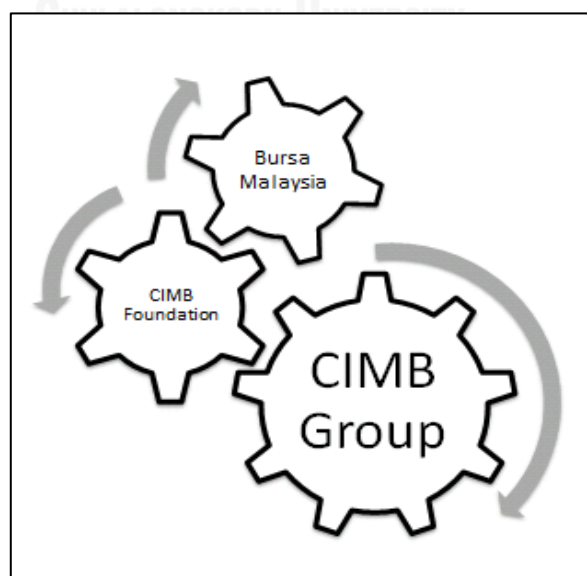


Figure 8: CSR Management Flow of CIMB Group

In the case of CIMB Group, bounded by the regulations of Bursa Malaysia, their CSR initiatives are align with the national agenda of the country. In their reporting methods of their CSR initiatives, the focuses are aligning with Bursa Malaysia. They have incorporated their CSR drives into four broad categories; society, environment, workplace, and marketplace. In carrying out their CSR drives outside Malaysia, these focus areas are also aligned. Though their initiatives are flexible and are ensured to fit the needs of the community they serve, the CSR management of CIMB Group is shaped by the national regulation through the Bursa Malaysia.

3.4.2.2 The Role of CIMB Foundation

CIMB Foundation is the CSR arm of CIMB Group. Established in 2007, the Group's strategy in their CSR efforts move toward long-term programs which bring sustainable benefits to communities. The Group has allocated RM100 million (\$25.06 million) as an initial seed funding. Today, the Foundation has approved over 700 grants benefiting 3 million people within communities served by the Group in Malaysia and in the ASEAN region.



Figure 9: CIMB Foundation's Charter, 2015 CIMB Sustainability Report, p.82

In the vision and statement of purpose of CIMB Foundation, they are committed to value-creation which extends to a wider community, and aims to empower communities through sustainable capacity building initiatives. In addition, they aim to improve the lives of communities and individuals by responding to their needs and opportunities. All are done in a holistic and sustainable approach that promotes inclusive growth and engagement.

The Foundation describes its operation process in its objectives and functions. First is they (i) support the development and empowerment of communities. Then they (ii) identify and implement quality projects within their key areas of focus, give priority to those that are sustainable, build local capacity, and have measurable and realistic outcomes. These things are strategically done to (iii) build meaningful relationships and strategic partnerships with communities and key stakeholders in achieving the Foundation's vision. And lastly, to (iv) realize CIMB Group's commitment to be a responsible corporate citizen with active participation of its employees.

3.5 Malaysian Culture in CSR Approach of CIMB Foundation

In the study of CSR of in Malaysia particularly in the case of CIMB Group, uncovering the cultural motivations for its CSR initiatives and programs is quite challenging. The CSR in Malaysia is institutionalized whereby companies are all directed to report and

focus their CSR in line with the national CSR Framework regulated by Bursa Malaysia. However, as the study look deeper on how CSR is conducted by CIMB Group, there are key cultural context that can explain why they do things the way they do.

3.5.1 Co-Existence and Social Harmony

Malaysia is a federation of thirteen states and three federal territories, and the country stems from the various ethnicity mixes from its three largest communities: the Malays, Chinese, and the Indians. Though One Malaysia (Satu Malaysia), a national campaign launched by the Malaysian Prime Minister Najib Tun Razak in 2010, to call for all sectors of the society, from the government to all citizens, to give emphasis on ethnic harmony and national unity.

In this context, CIMB Group ensures to promote this national value of unity. In its workplace report, CIMB ensures that equal opportunities are given to all of its employees regardless of gender, ethnicity, or religion. It is a very inclusive company that engages and encourages differences in perspective because, as their core value states, they find strength in diversity. With this core value, and also in the essence that they are operating in the most diverse region in the world, they have positioned themselves to be the hub of diversified talents that co-exist and that promote social harmony.

One of the focus areas of CIMB Foundation's community development programs are geared to promote unity, culture and heritage. They sponsor art clubs to promote Malaysian culture to younger generations and to the rest of the world. They are also involved in various arts and cultural festivals that promote Satu Malaysia. These initiatives are strategized to improve harmony, and understanding of different cultures and religions. Furthermore, they also promote ASEAN culture through researches and publications. This is to help realize the ASEAN Community that the region aspires to be.

3.5.2 The Unwritten Rules

In a study on the multi-ethnic perspective on CSR in Malaysia, {Muwazir & Hadi, 2013} demonstrated the differences of perceptions among Malay, Chinese and Indian managers on CSR. They concluded that there is no homogenous consensus on these Malay ethnicities towards CSR because of their differences in values and belief system. They cited the works of McLaren and Rashid (2002) on the dominant cultural values of these three ethnic groups in Malaysia that affect their views on CSR.

In the case of CIMB Group, though these belief systems and values are not directly referenced to, their actions are aligned with the combinations of these belief systems as demonstrated on their CSR initiatives. For example, the Malays value generosity,

and the donations, grants, and scholarships provided by the CIMB Group carries this value. For Chinese and Indians, family values are important, and it is demonstrated on how CIMB creates a conducive environment for its employees where they are treated fairly, and are encouraged to grow. Because for CIMB, their employees are more than just workforce that helps achieves the company's goals, they are also considered as families. It is also demonstrated by how they value important family events such as weddings, anniversaries, paternity leaves, and even Hajj, an important event for every Muslim's life.

The Cultural Values of Three Main Ethnic Groups in Malaysia		
Malay Values	Chinese Values	Indian Values
Respect for elders	Food	Fear of God
Spirituality/Faith in God	Hard work/Diligence	Sense of belonging
Humility	Pragmatism	Brotherhood
Self respect	Perseverance	Family
Tact/Indirectness	Education	Hard work
Generosity	Wealth/Prosperity	Filial piety
Sensitivity to feeling	Family oriented	Karma
Politeness	Harmony	Champion of causes
Relationship	Risk taking	Loyalty
Apologetic		

Source: McLaren and Rashid (2002).

Table 3: Cultural Values of Three Main Ethnic Groups in Malaysia in Muwazir & Hadi (2013), p. 4

Loyalty and collectivist society is also one of the unwritten rules amongst Malaysian culture. With this, CIMB is propelled to innovate and create effective and efficient services that think over the welfare of its people. They value relationship building among all of its stakeholders. As quoted from the company's Chairman, "CIMB's customers are in the core priority" of their business operations. They value loyalty as

well amongst its employees as they create a workplace where they attract new talents and retain the old ones.

All of these, unwritten rules in the business operation of CIMB particularly towards its approach to its CSR initiatives, are boiled to a general rule; that when the company promotes sustainability and operate as a responsible corporate citizen, it has corresponding positive results back to the company.



Chapter IV

Case Study 2: Philippines' San Miguel Corporation

4.1 The San Miguel Corporation (SMC)

4.1.1 Company Profile

San Miguel Corporation, is Southeast Asia's largest publicly listed food, beverage and packaging company and, largest and most diversified conglomerates in the Philippines. The company's revenue contributes up to 6.2% (as of 2014) to the country's gross domestic product (GDP) with over 18,000 direct workforces, the nation's largest employers. It also prides itself with over 100 major facilities throughout the Asia-pacific region {SMC, 2016}.

Established in 1890, La Fabrica de Cervesa de San Miguel, is Southeast Asia's first brewery produced and bottled beers in the region. It was founded by a well-known Manila businessman, Don Enrique Maria Barretto de Ycaza y Esteban, after being granted a royal grant from Spain to establish a brewery in the Philippines. With over 70 employees, the company would eventually produce one of the best-selling beers in the region and an icon among beer drinkers.

Nature of Business	Company
Beverage	<ul style="list-style-type: none"> • San Miguel Brewery, Inc., • Ginebra San Miguel Inc.,
Food	<ul style="list-style-type: none"> • San Miguel Pure Foods Company, Inc.,
Oil Refining	<ul style="list-style-type: none"> • Petron Corporation
Infrastructure	<ul style="list-style-type: none"> • Tarlac- Pangasinan - La Union Express Way (TPLEX) • Ninoy Aquino International Airport Express Way (NAIAEX) • Metro Rail Transit 7 (MRT-7) • TransAire Development Holdings Company
Packaging	<ul style="list-style-type: none"> • San Miguel Yamamura Packaging Corporation
Properties	<ul style="list-style-type: none"> • San Miguel Properties Inc.
Power and Energy	<ul style="list-style-type: none"> • SMC Global Power Holdings.
Telecommunications	<ul style="list-style-type: none"> • Bell Telecommunications Philippines, Inc. • Eastern Telecommunications Philippines, Inc. • Liberty Telecommunications Holdings, Inc.
Banking	<ul style="list-style-type: none"> • Bank of Commerce
Other Businesses	<ul style="list-style-type: none"> • Anchor Insurance Brokerage Corp. • ARCHEN Technologies • San Miguel Energy Corp. • San Miguel Shipping & Lighterage Corp. • SMC Retirement Funds Office • SMC Stock Transfer Corp. • SMITS, Inc.

Table 4: San Miguel Corporation's Businesses

By 1900s, Philippines had a period of prosperity after the Philippine Revolution against the Spaniards and the beginning of the American Occupation. Because of these factors, demand for beer increased. By 1913, the company toppled down its imported beer competitors holding 88% share of the industry in beer consumptions. It was also these period of momental success that the top management, Don Benito Legarda and Don Gonzalo Tuason advised to change the form of the company from a firm or co-participants to a corporation. This then evolved the company's name to San Miguel Brewery, Inc. {SMC, 2016}.

Though even today, San Miguel beer is the company's heritage, San Miguel subsequently branched out into the food and packaging businesses. In 1964, through the expansion of its business operations in various product lines, the company changed its name to San Miguel Corporation. Today, it has expanded its portfolio to produce wide range of popular beverage, food and packaging products. It has also diversified into heavy industries including power, oil refining and marketing, infrastructures such as toll ways and airports. Its presence can also be significantly felt in the housing and property industry through its San Miguel Properties. San Miguel Corporation also ventured into banking, insurance and telecommunications. In over a century, San Miguel Corporation indeed positioned itself as one of the biggest companies in the country and in the region.

The company's success can be attributed from its core purpose, which is to *make everyday life a celebration* through their products and services. They committed themselves in carrying into new markets their over a century-old tradition of quality and integrity {SMC, 2016}.

4.1.2 San Miguel Corporation's Business Strategy

In reference to their company's website, their main goal is to help people enjoy and make progress in their lives through the many products and services that they offer

whether in terms of quality, or affordability, or choice. To achieve this goal, they are guided by these five strategies:

1. **Enhance value to their established businesses:** They aim to strengthen their brands by improving the visibility of their products and targeting areas where there is room for growth in the market share by achieving greater efficiencies and operational excellences
2. **Continue diversify into industries that underpin the development and growth of the Philippine Economy:** They aim to strategically position themselves by strategic acquisition and greenfield opportunities to best contribute to the country's economic growth as well as industrial development.
3. **Identify and pursue synergies across businesses through vertical integration, platform matching and channel management:** To generate additional cost savings and efficiencies, they aim to create a broader distribution network for their products and integrate production and distribution facilities.

4. **Invest in and develop businesses with market leading position:** They aim to continue leveraging the company's financial resources and experiences to invest in and develop businesses that have the potential to gain leading position in their respective markets and industries.

5. **Adopt world-leading practices and joint development of businesses:** They will continue to develop strategic partnerships with global industry leaders to provide marketing and expansion opportunities that will potentially provide liquidity and opportunities for the company.

4.1.3 San Miguel Corporation Values

In the corporation's Corporate Governance Report in 2014, it was stipulated that they are committed to good corporate governance practices specifically in the principles of fairness, transparency, accountability and responsibility. And these practices embodies framework of which the Board of Directors and managements pursue the strategic objectives of the company. Alongside with these core principles, San Miguel Corporation also identified seven company values of which they incorporate into their business operations {SMC, 2014}.

First is the *Passion for Success* of which they aim to constantly strive for excellence promising to be proactive and entrepreneurial, propelled by a sense of urgency, competitiveness, and total dedication to results. *Teamwork* is also valued in the company where they believe that trust and respect alongside with unity in purpose will encourage productivity and achieve their shared aspirations.

The Philippines is a very diverse country, so as the other countries where the company operates. Thus *Respect for Our People* is a very important principle of San Miguel. They recognize every employee as individuals committed to nurturing their individual capabilities. Thus in their operations, they aim to create a working environment that encourages open communication, camaraderie and professional growth.

As a service and product provider company, the corporation embodies a *Customer Focus* approach by ensuring that they provide products and services that exceed their customer's expectations. And they can achieve these through *Innovativeness* in their systems and processes, products and services. They promised to forever looking ways to outdo themselves and always delivering something better.

In their business operations, they will be guided by what is ethical, fair, and right. *Integrity* is a very important value that the company upholds by which they believe

in profit with honor and are committed to good governance and the highest moral standards.

And lastly, *Social Responsibility* is also included amongst its company values. They believe that social responsibility and corporate citizenship are integral part of their business thus they are committed to improve lives of people in the communities in which they live and operate.

4.2 CSR Motivations for San Miguel Corporation

San Miguel Corporation (SMC) is one of the pioneer drivers of CSR in the country. They are one of the pioneering members that pushed for the establishment of various business organizations in the country that helps spread awareness and promote the practice of CSR by corporations. This section provides a narrative on what pushes the biggest conglomerate in the country into venturing into their CSR approach living by their original motto in the 1960s as “Profit with Honor”.

4.2.1 Basic Need Based Approach

In the review of literature, it has been discussed that every country has different expectation and ways of doing CSR. The economic status of the country also determines the approach in applying the concept of business-doing good. In the case

of the Philippines, people tend to focus on responding to the basics of life: food, shelter, transportation, education, medicine, and the like. In the case of SMC's CSR initiatives, they uphold the principles of *Basic Needs Theory*, whereby their CSR initiatives are driven by the immediate needs of the society. In a country where there is an apparent lack of budget from the side of the government to respond to the basic needs of the society, SMC upholds their CSR to responds to these gaps.

4.2.2 Industrial Harmony

In business expansions particularly where the plantations and breweries are located, it is important for the company to build mutually beneficial relationship with the local communities. The local communities are their immediate source of human resources, as well as their source of security. They avoid creating any conflict with the community because if there is no harmony in the community where their businesses operate, then for sure, business will likely to fail. In the words of Ms. Camille Buenaventura, Executive Director of San Miguel Foundation Incorporated, “each plantations cost millions worth of investment, and the business will stay in place for a long while, thus we have to make sure we co-exist with the community, and make them feel that they too will grow, not just the business” (translated to English).

4.2.3 Company Affiliations

The presence of civic society groups in the Philippines is very strong, both in the level of representations, to the level of management and project implementations. For San Miguel Corporations, their affiliations to various institutions and organizations help them further drive their CSR approaches. Even before the concept of CSR was introduced in the country, SMC has been a service provider to the needs of the Filipino community. Their community drives have been apparent to the history of the company even before any policy were made and even before the concept was being brought to the attention of business corporations {Buenaventura, 2016}. In this context, when Philippine Business for Social Progress (PBSP) was established in 1970, SMC were one of the first members that have joined the organization. Two years later, the same year when the San Miguel Foundation Incorporated was established, they also became a member of the Association of Foundations (AF). AF aims to enable member organizations and foundations to develop sustainable development programs that serve the Filipino community. Currently, San Miguel Foundation Incorporated is serving as one of the members of the Board of Trustees.

As part of the immediate need response to CSR approach for SMC, disaster management is one of their key programs. The Philippines is prone to many typhoons, and other natural calamities such as volcano eruption, flooding, drought,

and earthquakes. To streamline their efforts on disaster management and relief assistance, they are also affiliated with the Corporate Network for Disaster Response (CNDR), which was established in 1990 in response to the 1990 7.8 magnitude earthquake in northern Philippines. The organization aims to guide its members and partners to become responsible and sensitive responders as well as to mobilize resources and direct efforts toward the most affected, least-served disaster stricken communities.

In 1991, SMC also joined as a founding member of the League of Corporate Foundations (LCF), a network of 80 largest operating and grant-making corporate foundations and corporations in the country that continues to be at the forefront of promoting and enhancing CSR practice among its members and larger business community in the Philippines.

SMC also receives a 5- year certification, the highest level of certificate, from the Philippine Council for NGO Certification (PCNC). They are a non-stock, non-profit corporation that serves as the country's accrediting body for non-governmental organizations for donee status. Their certification then serves as the basis for the Bureau of Internal Revenue (BIR) in granting donee status for tax incentives. The organization makes sure that corporate foundations meet the minimum criteria for

financial management and accountability in the service to the underprivileged Filipinos.

In the field of environmental protection, Philippine Business for the Environment (PBE) is in the forefront since 1992. It is a non-profit organization by business leaders to assist businesses in the country to address environmental issues by committing to the principle of sustainable development. The PBE also serves as the country's representative to the World Business Council for Sustainable Development (WBCSD).

The approach of SMC on its membership is local whereby its affiliation are addressing the local needs. Their affiliation, like in the case of PBE then gives them a window to the international practice and discussion on global trends in CSR.

4.2.4 Philippine Regulation and Policies

Historicizing the approach of CSR in the Philippines, and later as the SMC initiatives is narrated, is evident that CSR has evolved in the Philippines even with the absence of any regulations and any government policies. Though incentives might be linked as a motivation, these incentives came later. In the case of SMC's CSR, government policies strengthen their pre-existing programs, and compliance to laws is also a factor to their CSR initiatives. These policies for the environment for example include

the Clean Air Act of 1999, Ecological Solid Waste Management Act of 2000, Philippine Environment Policy Presidential Decree 1151 and Code under Presidential Decree 1152, and the National Pollution Control Decree of 1976. For volunteerism, the volunteer Act of 2007 which encourages the private sector to channel their CSR towards volunteerism. For the part of the employees, there is the Social Security Act of 1998 and National Health Insurance Act of 1996. And to protect the consumers, there is the Consumer Act of the Philippines. These policies, though some have taken place already after CSR has already been practiced in the country, they strengthen and align the pre-existing programs and contributions of the private sector in the Philippines.

4.3 CSR Initiatives of San Miguel Corporations

San Miguel corporation (SMC) has various businesses ran separately by individual president but are under one corporate umbrella. With regards to their CSR initiatives, each business on beverage, food, oil refining, infrastructure, packaging, properties, power and energy, telecommunications and others conduct their own programs and projects. The corporation also has two corporate foundations: the main which is the San Miguel Foundation Incorporated, and the Petron Foundation. In this section, initiatives are discussed with special attention on how each business conduct separate and joint CSR programs in the field of (i) education (ii) community and

livelihood development, (iii) environmental stewardship, (iv) health, (v) disaster management, and (vi) volunteerism, where in 2012, the CSR projects of San Miguel breached the P1-billion (\$21.48 million) spending, the biggest by far, by any company in the Philippine history. The stories of SMC's initiatives in the next sections are the accumulated and summarized reports from the company's Annual Reports from 2013-2015, San Miguel Foundation publications and magazines, and news report.

4.3.1 Education

SMC believes that the Filipino youth are the future of the country. With this in mind, they invest heavily on the education sector through various programs and partners. Annually, the brewery, global power, foods, packaging, Ginebra, and SMITs give scholarship to underprivileged but deserving students targeted to where their businesses operate. In 2015, over 9,000 students were assisted by educational programs by the corporation. And in 2014, in partnership with the AGAPP Foundation (Aklat, Gabay, Aruga, tungo sa Pag-Angat at Pag-Asa), they were able to turn over 50 libraries to various public schools in poor barangays⁴³ and more than a hundred more on the process. In total of 5 years, they were able to build 191 AGAPP classrooms. In addition, 247 classrooms were donated to public schools in 2015

⁴³ *Barangay* is the smallest governing unit in the Philippines. Each town/city is further divided into *Barangays*

across the country under the Silid Pangarap (Classroom of Dreams) Program {SMC, 2015: Lifting Lives for Good}.

Petron Corporation through the Petron Foundation have also provides over 2,000 students annually to study in elementary, high school and colleges through their Tulong Aral ng Petron Scholarship Program (Assistance to Education of Petron). In addition, Petron also holds the annual Youth in entrepreneurship and Leadership Development (YIELD) Program where Petron gives 100 students annually the opportunity to spend their summer to learn about the operations of Petron and its service stations {SMC, 2015: Lifting Lives for Good}.

Scholarships for university students and technical-vocational courses are also provided to the immediate community where their subsidiary companies operate. They provide over 800 scholarships annually to send students to engineering schools. Scholarship grants cover for their tuition fees, books, school supplies, and allowances. After engineering students have graduated, they are provided with internship opportunities to the SMC's business subsidiaries and are further assisted until they will take their licensure examinations. In 2015, 91 students were sent to university alone with an average of 30 engineers are annually produced. These pools of new engineers then serve as pool of human resource for the company ensuring

sustainability for their businesses and at the same time, transforming lives of the students.

The approach of Ginebra San Miguel (GSM) is towards in the out-of-school youth in the provinces of Laguna and Pangasianan. The selected youths are enrolled in TESDA-accredited courses that would enable them to work in their local GSM plant in the future. They also support technical-vocational students particularly in the field of hospitality and beverages {SMF, 2015}.

Annually, SMC through San Miguel Foundation (SMF) conducts Scholars' Conference to gather and provide capacity building programs to all SMF scholars. These personal and face-to-face encounters allow the corporation to have the human touch and to personally get to know the recipient of their scholars. To quote the Executive Director of SMF, "San Miguel is after the quality over the quantity of scholars".

In support to the program and efforts of the Department of Education (DepEd) to further advance the quality of education in the country, SMC provide assistance to the Basa Pilipinas (Read Philippines) Program. The Program aims to improve the reading skills of millions of early grade school students. The program has also expanded to technical assistance on language and literacy improvement programs to areas where literacy rate is relatively low {SMC, 2015: Lifting Lives for Good}.

4.3.2 Community and Enterprise Development

SMC acknowledges their role as corporate citizen most especially to the communities where they operate their business. In order to ensure an industrial harmony, their programs on community and livelihood are implemented in their host communities. Programs include medical missions and community clinics, barangay strengthening and enterprise development, housing programs, and capacity building for local leaders.

Community clinics address common and specialized illnesses such as tuberculosis, diabetes, and cardiovascular diseases. These conditions are usually left unattended by the poor because of their lack of financial resources to sustain their medical needs. In response to these, projects started as medical missions but later on seen as unsustainable particularly in areas where SMC has plantations {Buenaventura, 2016}. Through the initiative of the COO, Mr. Ramon S. Ang, community clinics were realized. The consultation and medicines are given for free and patients are free from the illnesses, like in the case of tuberculosis. On their specialized clinics in Valenzuela, and Pampanga, 430 patients have graduated from diabetes, TB and CVDs. In Davao, 2,240 have benefited {SMC, 2015}.

To ensure sustainability in community development programs, SMC provides enterprise development program where they provide seed capital and capacity building trainings on entrepreneurial skills. The assistance is targeted to organized groups in the neighboring communities of the plantations, and on an interest free loan scheme for the duration of 1 year. In 2011, San Miguel Brewery in partnership with the Culinary Center of San Miguel Pure Foods hosted livelihood training for 400 women on proper ways to cook baked products from a kawa (pan). The program provided new knowledge and skills that women can use to make extra income for their families. SMFP on the other hand launched their Sumilao Community Store in 2011 which provided employment opportunities to residents of their Sumilao facility. By the end of the program in 2011, the community have made profits of P184,000 (\$4,000 USD) {SMF, 2011}. San Miguel Yamamura Packaging Corporation has trained 30 women into candle-making because their Davao City community is located near the local Church. Because of this opportunity, they have earned additional income. Other supported enterprises include the Mati Fishermen Livelihood Project with 20 supported individuals, and De Carmen Crab Livelihood Project for 60 individual recipients both in 2014-2015 {SMF, 2015}.

Another approach that SMC does is the capacity building and leaders' development programs for the community leaders. This allows them to know their respective roles and responsibilities as well as their rights of the council. This also guides them to

formulate medium term barangay development plan for their area of jurisdiction. The holistic approach of involving community leaders is in line with the goals of SMF and SMC to create growth and development to the communities that have supported their businesses. At the end of the day, they consider themselves as part of the community where their employees can develop good relations to their neighbors, may it be for business purposes or not {Buenaventura, 2016}.

4.3.3 Environmental Stewardship

As the company grows, they assert a bigger responsibility to take care of the natural resources to ensure the sustainability of their businesses. Part of their core values in business operation is integrity where they are committed to profit with honor assuming highest moral standards. With this, they are committed to initiate programs, and support movements for lead by the government. As part of the Philippine Business for the Environment (PBE), they are committed to implement programs advocating the preservation of the environment and responsible use of the resources. The environmental related efforts of the corporation is all under their flagship program called *Buhayin ang Kalikasan* (Bring Environment back to Life).

In 2014, SMC launched the One Million Seedlings project with their SMC Global Power plantation in Sual, Pangasinan. They provided coconut, coffee, and cacao

seedlings for the residents. Once these are ready for harvest, it will provide additional livelihood to the residents as well as provide more trees in the area. Similar project is also executed by San Miguel Brewery under their flagship project “Trees Brew Life”. Their tree planting activity is always strategically planned to benefit the environment and their communities by planting fruit bearing trees to provide livelihood to their local-farmer associations. SMB and Petron aligns their program with the National Greening Program, a key priority President Aquino. They also plan trees to reservation areas to protect water sources. In 2014, SMB has planted over 500,000 trees nationwide {SMC, 2015: Lifting Lives for Good}.

Mangrove trees are important for the incubation period of fishes, as well as the prevention of floods. With this in mind, SMB and SM Yamamura Packaging initiated a Mangrove Tree planting with Barangay Sasa. In line with this, the SM Foundation advocates the protection of coastal waters through its Coastal Resource management program which engages in mangrove reforestation, artificial reef installation and regeneration of marine resources. The Foundation also provides training on waste management and donation of trash bin throughout their plant facilities {SMF, 2015}.

SMC through Petron also supports the project of the Department of Environment and Natural Resources (DENR) called Adopt-an-Estero program. The project aims to

rehabilitate creeks in order to ensure its functionality and durability during rainy seasons. In 2014, they have completed the second phase of the rehabilitation of the Concepcion Creek, a major tributary of the Marikina River. This project is implemented nationwide in its major network facilities. Petron also partners with the local government of Malay in Aklan province, home of the world famous Boracay Beach. In partnership with Boracay Foundation, they have completed the 5-year Boracay Beach Management Program that geared towards the protection, preservation and enhancement of the island {SMF, 2015}.

In their headquarter office, the employees also participate in “*Linis Ofis*” (Clean Office) Program. It is an integrated approach to solid waste management in support of the Philippine Government’s Ecological Solid Waste Management Act. The program ensures that employees are properly educated in practicing segregation, collection, reuse and recycling of disposable waste in the workplace {SMC, 2015: Environmental and Other Programs}.

On its plantation, SMC also ensures that they follow regulations on carbon emissions. Through the Corporate Technical Services-Environmental Management Group (CTS-EMG), they conduct stack emission sampling throughout the country to ensure that they do not emit more than the allowed carbon into the environment. This has been practiced even before the promulgation of the Clean Air Act in 2001. And when the

Act was implemented, they created a committee called Task Force Hangin (Air) to ensure that their plants comply with the Act. CTS-EMG also conducts Environmental Forums quarterly since 1998 to make the staff of SMC to be responsible for pollution management and control. It also allows the employees to have a broader knowledge on environmental laws, technology updates, waste management and operate of waste treatment facilities {SMC, 2015: Environmental and Other Programs}.

4.3.4 Health and Nutrition

SMC included health and nutrition to their CSR approach and initiatives because they feel that there is a need for quality health services particularly to areas where access to health care is difficult and for those who simply cannot afford them. An immediate approach was through medical missions. However, the COO of San Miguel, Mr. Ramon S. Ang, believes in long term solution. With the help of San Miguel Brewery, SM Pure Foods, and Petron, they realized the establishment of community clinics and community health centers.

In 2015, 12,610 patients received immediate medical assistance through medical missions of Ginebra San Miguel and Mobile Clinic by SMC Global Power. The Mobile Clinic, which was launched in 2011, is a 4-in-1 multipurpose clinic that holds X-Ray, consultation, laboratory and dental facilities. It targets the communities and

customers of the SMC Global Power and its subsidiaries. The combination of the medical missions, mobile clinics, and community health clinics, helped over 23,144 patients in 2015. As a testimony, Dr. Elaine Adapon, cited from {SMC, 2014}, medical doctor who regularly joins the medical missions of SMF, describes the importance of their outreach program, “Though these activities, we are able to reach far-flung areas where basic healthcare services are wanting”.

In parallel to the educational efforts of the corporation, they SMB, SMC Global Power, and SM Yamamura Packaging supports public elementary schools through supplementary feeding program in their flagship program “*Malusog na Katawan, Matalas na Isipan*” (Healthy Body, Healthy Mind). This project was conceptualized as an effort to boost literacy rate of public schools where a significant number of students go to school without any proper meal. This results to poor participation and low marks in their school {SMC, 2015: Lifting Lives for Good}.

SM Pure Foods also conducts similar effort through their “*Handog Lusog Para sa Nutriyon ng Nasyon*” (A Gift of Health for the Nutrition of the Nation) Program. As the largest food company in the country, they feel the obligation to ensure that children particularly in public schools are well fed, because they serve as the future of the nation. The program is a six-month supplemental feeding program that target low income families in public schools. Chefs from the SM Pure Foods Culinary Center

hold cooking demonstration for parents, driving home the importance of a well-balanced diet in improving one's health, wellbeing, and overall quality of life. In 2015, 49 public schools have benefited in the program with over 2,765 students received nutritious meals {SMF, 2015}.

For the CSR initiatives on health by SMC through the supervision of the San Miguel Foundation, they ensure that they respond to the immediate and current needs of the community they serve by providing immediate assistance may it be in the form of medical mission, or feeding program.

4.3.5 Disaster Management

Philippines is a disaster prone country particularly typhoon, floods, landslides, volcanic eruptions, and earthquakes. Experts also call the country as a typhoon belt, with an average of 10 typhoons entering the Philippine area of responsibilities. In 2013, Philippines took the record of the deadliest storm, Typhoon Haiyan, with wind sustaining up to 230 km/h {Brown, 2013}.

For San Miguel Corporation, they recognize their responsibility to help their fellow Filipinos in times of calamities. They always make sure that they are first in line to respond to the needs of the victims in challenging times by providing essential food, safety, comfort, and life-saving care as an immediate response. In 2011, they have

provided relief and rehabilitation efforts to areas affected by typhoons Egay, falcon, Pedring, Quiel, and Sendong to a total of 68,100 victims {Mahilum & Luga, 2013}. When Typhoon Haiyan stroked the country, SMC through the leadership of the CEO, and in partnership with Gawad Kalinga, committed to build 5,000 homes for the victims under the program called *Building Hope that Last*. As of 2015, a total of 6,410 houses have been given to the victims of Typhoon Yolanda and Sendong. The rehabilitation project in these areas were dubbed as the biggest CSR effort in the country both in terms of impact and of the amount spent with a total of over P600 million (\$12.9 million) for all of its housing projects since 2011 {SMF, 2015}.

The approach of SMC is both immediate assistance and rehabilitation effort in partnership with the local government units and non-governmental organizations, like Gawad Kalinga, to execute projects and programs that would create sustainable and long lasting assistance to the victims of typhoons in the country.

4.3.6 Volunteerism

Volunteerism, claimed by SMC, has always been part of their corporate culture. Guided by their core values of social responsibility and *malasakit*⁴⁴, the employees go out of their way to actively participate in various volunteerism activities of its

⁴⁴ *Malasakit* is a Filipino word for Care.

foundation. The employees are passionate about supporting causes close to their hearts, donating time to communities to help improve their lives.

In 2011, in celebration of the International Volunteer's Day, the employees of the Bank of Commerce (BOC) built homes for the indigent families of Valenzuela. A total of 32 houses were built in what they now call as *Disiplina*⁴⁵ Village. With over 200 employees coming together from its various branches, they were able to transform lives of those families who were recipients of the program {SMF, 2011}.

The volunteerism spirit is best seen when the country suffers from tragedies and calamities. It brings out the *Bayanihan* spirit among the Filipinos in all walks of lives. In the case of San Miguel, when typhoon Sendong hit the country, the Luzon-based employees were able to pool over P1.2 million (\$25,780) in cash and more than 5,000 kilos of clothing and blankets. The cash collected went toward rebuilding of four public schools in Cagayan de Oro and Iligan {SMF, 2011}.

In 2015, the Corporate Human Resources, the San Miguel Foundation and the Corporate Affairs officially launched the *Team Malasakit*, a group-wide program that harnesses the spirit of volunteerism. This is also in commemoration of the 125 year anniversary of the conglomerate. The first agenda of the *Team Malasakit* was to

⁴⁵ *Disiplina* is a Filipino word for Discipline.

provide free ride to the commuters in Metro Manila with free bus rides and train rides. At the end of the project, they accounted for 150,000 free bus rides and 5,000 recipients of stored value tickets to LRT riders {SMF, 2015}.

On the same year, the *Team Malasakit* implemented their main initiative for the year which was helping underprivileged school children on selected public schools in the country. These public schools were adopted by group of volunteers who then led various activities for students every weekend for the period of four months. The activities included school repairs, tutoring, conducting kids' camps, medical missions, and school supply drives {SMF, 2015}.

The launching of *Team Malasakit* is also a project sought to communicate the company's new slogan "Your World Made Better," directly to those whose lives they hope to affect through their businesses and by simply making their day a little bit better. As the COO of San Migel stated in {SMF, 2015: Kaunlaran}, "San Migel is a living proof that a sense of social purpose and a profit motive can go hand in hand". As they seek to play bigger roles in building a better nation, they truly recognize that the success they now enjoy for 125 years reflects the duties and responsibilities they owe.

4.4 CSR Operation and Management of San Miguel Corporation

With the new slogan of SMC in line with their 125 year anniversary, “Your World Made Better” speaks to the kind of commitment the company has for inclusive growth. In their 125 years of existence, they have learned that people want to make a difference. To quote the company’s COO on what is beyond the 125 years and the years more to come, he says, “The challenges facing us as a country are great. There are so many ways we can help and be of use. “Your World Made Better” is about doing things for other people and making a contribution to society, however small”. This message is echoed by the Executive Director of San Miguel Foundation, Ms. Camille Buenaventura, when asked to define the company’s definition of CSR. And she says, “CSR is beyond compliance...it has to be humane. We are talking about people, feelings, and not numbers.”



In this section, the conceptualization, planning, implementation, and assessment of how SMC operates their CSR are discussed. From the projects initiated by San Miguel Foundation, to the projects lead by the company’s COO. It also includes how they manage their employees in doing volunteer works, the impact they have made, and the challenges they have experienced in implementing CSR.

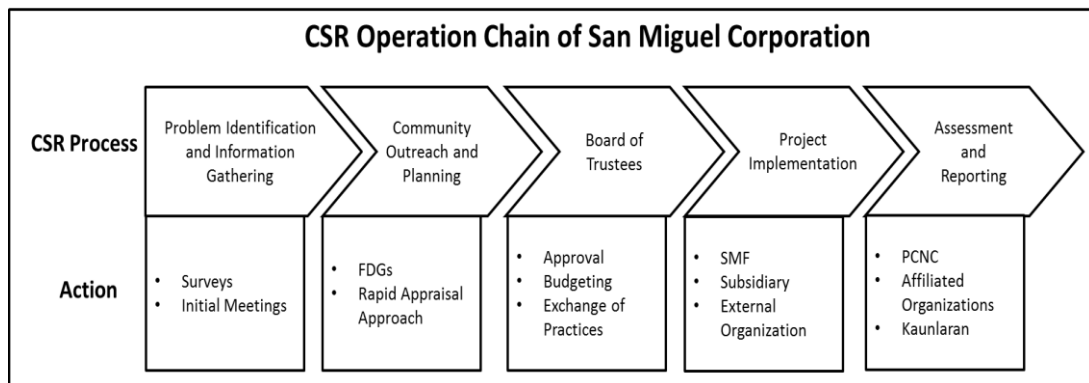


Figure 10: CSR Operation of San Miguel Corporation

4.4.1 CSR Operation of SMC

4.4.1.1 Problem Identification and Information Gathering

The approach of SMC has always been in response to the immediate need of the community they serve. In relation to the basic needs theory, they identify the pressing issues that the community urgently need. For example, in areas where there is a need for proper health care, then they do medical mission or they put up community health clinic. Though they may implement the same concept or program all throughout the country, the approach varies. They took into consideration the local context of the community by including their beneficiaries in the planning stage {Buenaventura, 2016}.

Surveys: To get the pulse of the kind of project their neighboring communities need, they conduct surveys to both see what are the existing actions that the community

are doing to address the problem, and to know the key actors and leaders in the community. At times, SMF looks beyond the local government structure when looking for the community leaders because in some areas in the country, the elders are the ones community listens to. It goes back to the flexibility of approach the foundation does to create a tailor fit program for the community.

Initial Meetings: Staff from the business then goes to talk to the locals along with representatives from the foundation. The initial meetings are noted to be mostly informal. Ms. Buenaventura, Executive Director of the Foundation, shares how she even sometimes go out for drinks, and tones down her dress codes, in order for the community to feel comfortable with them. The approach in some areas is matriarchal while patriarchal in some. The ultimate goal for the initial meetings is to build trust with the community. Flexibility on rules is the key for the Foundation to create tailor fit programs for the communities.

4.4.1.2 Community Outreach and Planning

Once the initial approach has been made to identify the most needed support by the community, as well as the key actors and community leaders they will be engaging with, the Foundation invites them for series of planning sessions. The key

for the planning stage is that it has to be participative among communities for development.

Focal Group Discussions (FDGs): In the planning stage, they are invited for series of trainings and meetings where they use the Rapid Appraisal Approach. They would ask the community leaders and key actors to draw how and where do they see their community in 10 years co-existing with the business. This is to ensure the mutual trust and a way to ensure that the community is really welcoming the presence of the business. From the vision, they would plan out projects and plot out phases in order to achieve the vision the community drew.

4.4.1.3 The Board of Trustees

The members of SMF's Board of Trustees include all the presidents of the individual businesses of SMC. The Chairman is Mr. Ferdinand K. Constantino, Chief Finance Officer of SMC. The board meets annually, though in practice, twice a year, to discuss the plans of San Miguel Foundation to its community partners. There are two main roles of the board, to approve the proposed project and to allocate budget for the project implementation. According to Ms. Buenaventura, this structure allows each business to share their CSR practices and initiatives. The structure also allows immediate response from the presidents of each business which will then allow

immediate action to the project. The meetings also usually involve representatives from each business comprised of Office of Plant Manager, Human Resource Officer, and Communication officers, who will help out in realizing their CSR initiatives.

For urgent projects, the Foundation and the CEOs established a *Special Project Fund* that the foundation can utilize if there are urgent need-based projects. This constitutes for calamity and disaster funds where the need is never planned.

4.4.1.4 Project Implementation

The projects are implemented by the two parties in San Miguel Corporation: the subsidiary and the Foundation. The Foundation facilitates the planning and conceptualization while the subsidiary helps in implementing the project. That is the reason why during board meetings, representatives from the Human Resource Department are invited in order for them to mobilize their employees in volunteer works and CSR activities.

Most of the projects and CSR initiatives are conducted in partnership of the Foundation and the subsidiaries. Petron however has its own Foundation because when they SMC acquired the company, Petron already has its own Foundation. But

SMF ensures that the vision and projects are align to the over-all goal and vision of the mother company.

There are also instances when projects are implemented with an external organization. For example, when they implemented the rehabilitation project for the victims of typhoons Haiyan and Sendong, they partnered with Gawad Kalinga. Gawad Kalinga has expertise on house building for the poor and underprivileged, thus SMF and SMC deem it appropriate to tap their expertise instead of starting from scratch. These are only the times when they choose to partner with external organization, but most of the projects are run through the company's own Foundation.

4.4.1.5 Assessment and Reporting

Unlike other companies where they report their CSR using international standards and reporting schemes like the Global Reporting Initiative (GRI), SMC does it their own way. Since the projects are implemented by individual business and not as a centralized project, it is hard for them to report it following these reporting mechanism. Therefore, they measure and assess their projects in two ways: the tangibles and the intangibles.

Tangibles: This kind of measurement refers to the measurable output such as number of rooms they have helped, number of livelihood projects they have financed, houses they have built, and numbers of people who have received health care services, scholarships, direct financial aid, and the like. It refers to the numbers that they can measure.

Intangibles: the intangibles on the other hand are the things that they cannot measure but can be qualitatively assessed. As an example, how the lives of the people were uplifted upon receiving the program initiated by the company, how citizens became more participative in the society, how the community are now more accepting towards the presence of the business and of its people, and when businesses operate in communities without a problem. There are instances, as Ms. Buenaventura shared, when communities started to invite their employees when there are special occasions. This action is an indication that they are accepting SMC as part of their community. And this, SMF said, is immeasurable.

The CSR initiatives are then recorded and reported to the Philippine Council (PCNC) for NGO Accreditation (PCNC) who then decides if the expenses for CSR initiatives are qualified for tax incentives. Copies of the report are also submitted to the affiliated organizations of the company such as Philippine Business for Social Progress (PBSP), League of Corporate Foundation (LCF), Corporate Network for Disaster Response

(CNDR), Association of Foundation (AF) and Philippine Business for the Environment (PBE). They also report their initiatives through their own publication *Kaunlaran*. Email blast is also done to all employees as well as their business partners in order to bring awareness for the importance of CSR and the initiatives and programs they have done. This is with the hope that they will further support these initiatives.

4.4.2 CSR Management of SMC

4.4.2.1 *The Role of San Miguel Foundation*

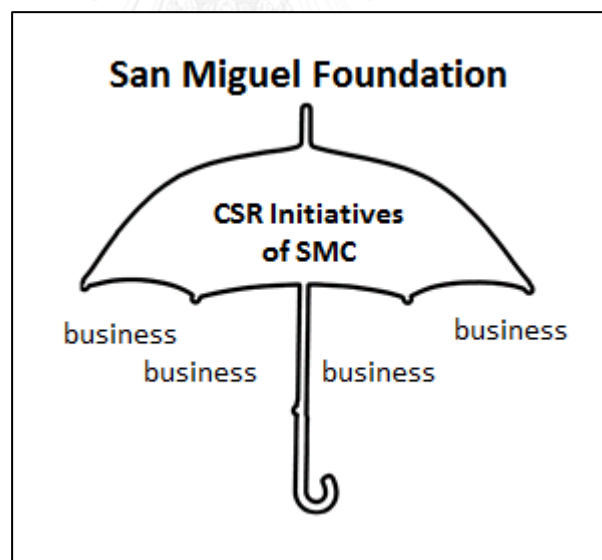
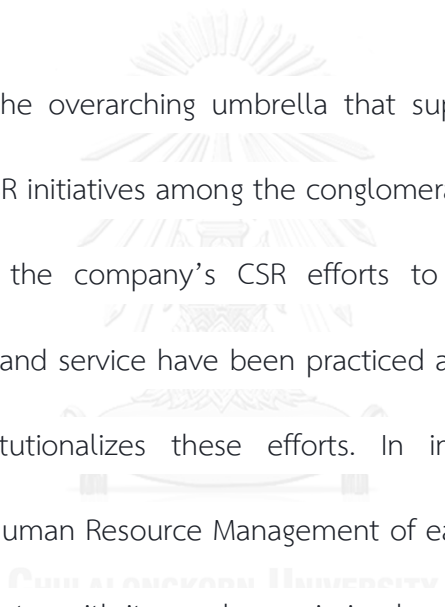


Figure 11: Structure of SMF in Relation to the CSR Initiatives of SMC's Businesses

San Miguel Foundation, Inc. is a non-stock, non-profit organization registered with the Securities and Exchange Commission since 1972. SMF is the CSR arm of the country's

biggest conglomerate. Local partnerships have always been the core strategy of the foundation as they continue to support and invest in communities where SMC operates. For the more than 40 years, they have always identified with the aspirations and development goals of the Filipino people and have worked to create positive impact. They strive to weave into the very fabric of SMC good corporate citizenship and social responsibility.



The SMF serves as the overarching umbrella that supervises and pushes for the implementation of CSR initiatives among the conglomerate businesses. They serve as the think tanks for the company's CSR efforts to ensure the focus. Though community outreach and service have been practiced at the early operations of the company, SMF institutionalizes these efforts. In implementing projects, they coordinate with the Human Resource Management of each business. The HR of each business then coordinates with its employees in implementing their CSR initiatives.

4.4.2.2 The Role of the Chief Operating Officer and the Business Presidents

The successes of the CSR initiatives of SMC are highly attributed to the response and enthusiasm of the Chief Operating Officer (COO) of the company as well as the Presidents of each business. Their vision on helping the community and initiative socially responsible projects and acknowledging its role as a corporate citizen

transcends on how the flow and operation of CSR goes. There are instances where projects are initiated by the COO. The housing project which caused P600 million (\$12.9 million) for example is the initiative of Mr. Ramon S. Ang, as well as the community clinics and community health centers.

The role of the presidents on the other hand is important too because they are the ones who will approve the CSR projects of the corporation. According to Ms. Buenaventura, there has been no case where projects were not approved by the board because before the presentation, it has already been properly planned and studied. And in addition, they have always been very supportive for these causes.

4.4.2.3 Engaging Employees

Employees play an important role in the CSR efforts of the company. They are the arm of the foundation in realizing the plans and projects for the host communities. They are the ones who volunteer their time to help out during community drives, medical missions, and they are the ones who make up *Team Malasakit*.

To support and encourage their participation, they are always updated with information for upcoming events where they can participate. This is conducted through email blasting via their company portals and emailing list. They make sure

that the employees receive information so they can be fully engaged in CSR related activities they initiate. SMF and SMC also launched the Hero Awardees Program where they acknowledge those who have contributed highly during the CSR activities of the company all through the year. It is given every end of the year during the Thanksgiving and Company Christmas Party of the company. This is conducted to motivate the employees to further participate by showcasing those who have contributed to the company's CSR efforts.

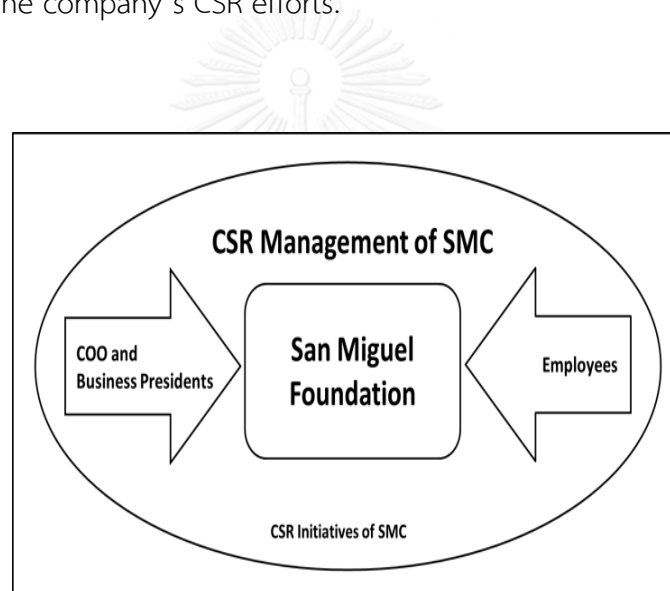


Figure 12: CSR Management of SMC

CSR participation and volunteerism is also a factor for the salary appraisal and promotion of the employees. The Human Resource Management have the list of every activity employees participate in and these records affect the promotion of the employees to a higher position or even higher salary. These incentives however are supplementary only because in the experience of SMF, they have witnessed how employees innately want to participate in volunteer works because they feel it is the

right thing to do, they feel good about it, it promotes their sense of nationhood with or without any incentives.

4.5 Filipino Culture in CSR Approach of SMC

San Miguel Corporation has proven that CSR has evolved in the Philippines even without any regulations and legislations. It is innate within the psyche of Filipino businesses to help out to the community in various approaches they deem necessary and needed. If regulations do not exist and it has been practiced even before the concept of CSR became a global trend, what factor then pushed for SMC to do their CSR initiatives? In this section, Filipino culture and belief system will be looked at to shed light on what motivated the companies beyond economic gains and policy compliance.



4.5.1 Bayanihan Spirit

Volunteerism among Filipinos has had a long history deeply embedded in their culture and traditions. However, they do not call it “volunteerism” but they know and do it under many other native names like *Bayanihan* (communal unity and cooperation), *Damayán* (help in need), *Kawanggawa* (charity), or even the broader term “*Tulong*” (help). It assumes different nuances in its other indigenous names like *Pagbabahagi* (dividing a whole into many parts to be shared by as many people)

or *Paghahandog* (offering). This spirit of volunteerism remains ingrained in their long tradition of sharing, helping, and their shared sense of humanity {Philippine News, 2015}.

In this context and long tradition of Bayanihan, CSR initiatives are conducted with the same spirit. It is specially obvious when the country is stroked by typhoons. In the case of the CSR initiative of San Miguel for the victims of Typhoon Sendong and Typhoon Haiyan, the bayanihan spirit pushed the COO to do enact and contribute to those who are in need, both immediate and long-term. Dubbed as the biggest CSR project in the Philippine history, the company assumed the responsibility to help out being in the position and capacity to help.

The employees also exhibited this trait. During the Typhoon Sendong, the Luzon-based employees were able to pool over P1.2 million (\$25,780) in cash and more than 5,000 kilos of clothing and blankets. The cash collected went toward rebuilding of four public schools in Cagayan de Oro and Iligan. The idea of Bayanihan spirit is helping and contributing what you can offer, and when it is combined, it creates big impact to the community.

4.5.2 Love Your Neighbor (Christian Core Teaching)

The Bible is the sacred book where fundamental way of living and God's teachings are written for Christians. In the books of Matthew 22: 34-40, it is written:

“You shall love the Lord, your God, with all your heart, with all your soul, and with all your mind. This is the greatest and the first commandment. The second is like it: You shall love your neighbor as yourself. The whole law and the prophets depend on these two commandments.”

This fundamental Christian belief is embedded in the psyche of the majority of Filipinos. In addition to industrial harmony, SMC believes also that they have the responsibility to uplift the lives of their neighbors. These two motivations propel the community engagement programs of SMC to its host communities. They consider them as partners and as predominant Christian belief; they assume the responsibility to extend help to those who were in need and respond to the needs of the people that surround their businesses. In the Philippines, it is very common to ask your neighbor to look after your house when you are away, and it is common to share things and food to them. This in a magnified level pushed for medical mission drives, livelihood projects, scholarships, and health community centers. For SMC, to

harmoniously co-exist with their host communities, they have to reach out and feel that they are being loved.

This is also their way to get to know the people in the community and share growth with them. As the COO said, their slogan is about doing things for other people and making contribution to society. And from this, they get to create a community that promotes industrial harmony, and a community with a strong foundation based on mutual trust, and love.

4.5.3 Malasakit and Pakikisama

Malasakit and *Pakikisama* (camaraderie) are two Filipino customs that exemplify co-existence. It is a popular belief that one's self is not the center of the universe and that brotherhood should be practiced. It is a way to show the care one has towards the other and co-existing with them. They even have a common colloquial slogan which says "One for All, All for One". And stepping further on this belief system is what drives employee volunteers to help out in the CSR initiatives of the company through the organized volunteer group, *Team Malasakit*. It is a platform where they can actively participate in programs that matter to them. The Chairman of San Miguel Foundation, Mr. Ferdinand K. Constantino, describes their employees as compassionate, selfless, and generous. The organized volunteer group aims to

engage the energy of *Malasakit* and *Pakikisama* toward organized efforts that will help bring about lasting change in the society.

Examples of showing their *Malasakit* and *Pakikisama* are evident when they participate in volunteer works in the field of education, house building, and as simple as helping out commuters when they launched their new slogan in 2015. The idea of *malasakit* is that it recognizes that they are part of the society and they should be aware to its needs and how they can respond to them.

4.5.4 Paglingon sa Pinananggalingan at Utang na Loob

There is a popular proverb from the national hero of the Philippines, Dr. Jose Rizal, that helps shape the moral values of every Filipino. In one of his writings, he said:

“Ang hindi marunong lumingon sa pinanggalingan, ay hindi makararating sa paroroonan”

-Dr. Jose Rizal

This saying is literally translated as, “He who does not know how to look back at where he came from, will never get to his destination”. This is a Filipino teaching that taught to every child in school. It connotes a sense of gratitude to those who have

helped you in your successes and the responsibility that one has to reach out to those who are also in need.

In the case of SMC, they attribute the growth and profit they enjoy as a by-product of making a useful and meaningful addition to society. They attribute their success to the contributions of every Filipino who continue to patronize their products. And with this in mind, they take the responsibility, in the spirit of *utang na loob*,⁴⁶ continue delivering products that would make each Filipino's lives a little better, as well as services that benefits the society.

This drives the CSR operation structure of SMC. For example, San Miguel Pure Food's CSR flagship program is their supplementary feeding program. It is because their products are food thus maximizing their strength and product line to help out. At the end of the day, hot dogs (flagship product of Pure Foods), is highly patronized by Filipino children. As a showcase of gratitude, they help out by providing nutrition to the underprivileged students in public schools.

In the case of other businesses, they consider providing scholarships to the children of their communities and employees as a way of extending gratitude. They however align it with the needs of the company by sponsoring studies relevant to their

⁴⁶ *Utang na Loob* can be translated to debt of gratitude, a common trait for Filipinos.

business operation. This is both a win-win situation for the community as well as for the company. And to ensure, employment, they hire their industry-ready graduates. And in return, they hope that these new professionals can uplift the lives of their families and their communities in a bigger scale. And the cycle goes on.

4.5.5 Filipino Family Culture

Filipinos put family into the centrality of their existence. Faithfulness to the family is a tradition that characterizes the Filipino society. In a set of communal rule about Filipino families, respect for elderlies is highly practiced. This family loyalty is apparent in the fact that there is no booming business for retirement homes in the country. Regardless of the liberal influence that they might have gotten from their invaders, the family remained basic unit of their society.

The family system also is apparently moving beyond blood lines. This loyalty to the family can be seen amongst officemates, neighbors, group of friends, and classmates. In this context, SMC views its employees more than just employees. They see and treat them as if a member of a big family, that is the corporation. That is why even before policies and regulations on labor rights, and proper wages, San Miguel has been an active promoter of proper and fair treatment of employees.

This also goes beyond the employees of the company. The communities where their businesses operate also receive the same level of relationship. In relations to the concept of *malasakit*, *pakikisama*, *utang na loob*, and religion, the family value of taking care of the family members is evident on how SMC and SMF approach their CSR initiatives. It echoes how SMF defines their CSR as beyond compliance. Their efforts need to be human because they are dealing with people, feelings, and not numbers. They are dealing with family members.



Chapter V

Case Study 3: Thailand's Siam Cement Group

5.1 The Siam Cement Group

5.1.1 Company Profile

The Siam Cement Group Public Company Limited is, according to Global Cement Magazine, the largest cement company in Thailand and in Southeast Asia. It has over 24,000 employees who handle more than 64,000 product items. In 2015, SCG reported to have total revenue of US\$5bn contributing greatly to the Thai economy. Their product portfolio includes a wide array downstream petrochemicals, polymer, paper, packaging, cement, construction, and building materials. Today, the Group also provides global logistic network connecting Southeast Asia with Africa, Europe, and America {SCG, 2016}.

The history of the Group can be traced back in 1913, following a royal decree of His Majesty King Rama VI to produce cement which was highly needed by the country for its massive infrastructure developments. Since their founding, the Group has grown continually and diversified into three core businesses namely; SCG Cement-Building Material, SCG Packaging, and SCG Chemicals {SCG, 2016}.

Though in 2015, the Group experienced a set back on its revenue, according to Roongrote Rangsiyopash, President and CEO, SCG strategically positioned itself in the ASEAN region, maximizing its potential to be the region's leader in the industry. In 2015, investment project startups included the first cement plant in Indonesia and capacity expansion in Cambodia. In 2016 and 2017, the company will open its cement plants in Myanmar and Lao PDR respectively. At present, SCG accounts 23% of its annual revenue from its operation and expansion in the ASEAN region. 21% of the company's total assets invested in the region {SCG, 2016: Message from the Board of Directors}.

For over 100 years of operation, SCG is committed to contribute in sustainable progress of the communities where SCG operates and pledges to become ASEAN's business leader and a role model in corporate governance and sustainable development. For this very commitment, the Group has received various distinction and awards not only from Thailand but across the region and beyond as well. It has been a recipient of awards in the area of Human Resource, Management, Corporate Governance, Sustainability, Innovation and Administration for consecutive years. The Group prides itself to be selected by the Dow Jones Sustainability Indices as the world's Industry Leader in Construction Materials for five consecutive years {SCG, 2016: Corporate Governance Policy}.

These longstanding traditions of learning, adjustment, and development in all areas has enabled SCG to withstand economic downturns and challenges in the world economy while earning widespread recognition as role model for other businesses, both locally and internationally.

5.1.2 SCG Vision and Business Strategy

Serving as the largest cement company in the region, SCG positions itself to be the regional marketer, contributing to the progress of ASEAN and the local communities where they operate. The Group is committed to create value for their customers, employees, and all other stakeholders through its world class business practices, corporate governance principles and uncompromising safety standards. Ultimately, SCG constantly ensures to provide quality products and services in order to enhance the quality of life for all through operational excellence, technology development and innovation {SCG, 2016: SCG Vision}.

To realize the vision, innovation is the core strategy of SCG since their establishment thus Research and Development is central to their business operations. The company currently has over 400 researchers and product developers in several research centers. Together with the marketing and production department, they identify new product opportunity. Partnership is also important to their business

operations and they work closely with customer and supplier to ensure that they bring the right products to the market. Part of the partnership strategy is through academic institutions and governmental organization to identify opportunities created by the state of the art technology {SCG, 2016: SCG Vision}.

5.1.3 SCG Cardinal Guiding Principles

The business of SCG is based on its responsibility to all parties who associate with the Group. Ethical practices have been embodied since the company's inception where it has gained trust from all sectors of society. To ensure these ethics are carried through in its operations, the follow the standards of good corporate governance accepted world-wide. These principles and ethics are compiled through the 1987 SCG Code of Conduct. Though it has evolved to adapt to the decent practical developments, its ethical core values still remain firm and true to its company's operation.

The successes of SCG are attributed by the group to its ethical core values and ideals that have been held in high regard and put into practice by all of its Board of Directors down to its every single employee. And these principles, as listed in {SCG, 2016: Business Philosophy} include:

1. ***Adherence to Fairness:*** The group recognizes that it is their responsibility to provide an environment of fairness to their business operations, from their customers, shareholders, employees, down to all its stakeholders. They also focus on integrity, transparency, verification, and equitable treatment to all concerned parties in a respectful, sincere, friendly, and fair manner.
2. ***Dedication to Excellence:*** The Group dedicates itself to right conduct and achieving the best results in all they undertake. The Group devotes total effort, knowledge, and skill to constantly improve what they do. This dedication, SCG stands, will generate best results for both SCG and all its stakeholders.
3. ***Belief in the Value of the Individual:*** SCG believes that their employees are their most valuable assets and that its growth and prosperity is attributed to the competence, cardinal virtues and integrity of its employees. Thus in return, the Group ensures to provide all of its employees sense of security and belonging.
4. ***Concern for Social Responsibility:*** The Company considers itself as a good corporate citizen in all communities and countries where they operate. Thus, they diligently perform their social duties and responsibilities while engaging

in activities to preserve the natural resources and sustainability of the environment. It also recognizes its responsibility to the nation and the society in general. They also acknowledge that as their businesses grow, so as their responsibilities.

By virtue of these philosophies of doing business and the righteousness that has made the company to progress, SCG upholds that the same philosophies will enable them to continually grow along with the growing prosperity of the nation.

5.2 Sustainable Development: SCG Global Approach to CSR

5.2.1 Sustainability Motivation of SCG

5.2.1.1 *United Nations Global Compact*

The UN Global Compact is the biggest corporate sustainability initiative in the world where SCG has been a part since 2012. It includes over 8,700 corporate participants and other stakeholders in 165 countries. The strategy includes providing a principle-based framework, best practices, resources and networking events that have revolutionized how companies do business responsibly and keep commitments to the society. The guiding principles of the framework are based from the identified and outlined Ten Principles {UNGC, n.d.}, in which companies are encouraged to

operate in ways that meet fundamental responsibilities in the areas of human rights, labor, environment, and anti-corruption.

5.2.1.2 Membership to the World Business Council for Sustainable Development (WBCSD)

WBCSD is a CEO-led organization of forward thinking companies that pushes for sustainability in future businesses, society and the environment within its global business community. It is a policy platform where Council applies their respected thought leadership and effective advocacy to generate constructive solutions and take shared action to drive business action on sustainability. The ultimate goal of the Council is to be the leading voice amongst business sustainability practitioners that promote true value-added business solutions and in creating environment conditions where businesses can succeed and be recognized.

5.2.1.3 Membership to the Cement Sustainability Initiative (CSI)

CSI is a more industry specific sustainability network. It is a global effort by 25 cement producers, accounting to 30% of produced cement in the world, with operations in more than 100 countries, and believes in the pursuit of sustainable development. The purpose of the initiative is to explore sustainable development amongst cement industry, and how they can act individually and as a group to

accelerate progress. They also provide framework for other cement groups and create the content and context for further stakeholder engagement {CSI, n.d.}.

5.2.1.4 Membership to Forest Solutions Group (FSG)

FSG is the leading platform for strategic collaboration amongst global forest-based industries and their value chain partners where they strive to drive scalable business solutions to advance sustainable development. They follow and adopted set of principles and responsibilities as a condition to all members. These principles range from innovation, recyclability, energy efficiency, reporting, and promotion of sustainable forest management {SCG, 2016: Sustainable Development}.

5.2.1.5 GRI G4 (Global Report Initiative)

Companies in the world aspire to follow the GRI G4, which is the most widely used comprehensive sustainability reporting guideline in the world. Its methodology discloses positive or negative impacts of business operations on the economy, environment, and the society. The GRI G4 has been an important reporting method to companies all over the world because it makes abstract issues, such as labor practices, human rights, global warming, education, and the like, tangible and concrete. This helps the organization to set goals, measure performances, and manage changes related to the organization's core business strategies.

5.2.2 SCG Sustainability Initiative

The SCG publishes their Sustainability Report annually where, in details, they showcase the goals, operating strategies, developmental strategies, and the outcomes of their sustainability initiatives. They have also not failed to include their guiding principles and motivations in explaining their every actions and commitments.

Under Company's sustainability practices, they have sub-grouped these commitments into 13 thematic focuses. These thematic sub-themes include (i) *Corporate Governance Practice*, (ii) *Health and Safety*, (iii) *Employee Caring*, (iv) *Employee Development*, (v) *Energy and Climate Change*, (vi) *Water Management*, (vii) *Material Use and Recycling Strategy* (viii) *Industrial Waste Management*, (ix) *Sustainable Products and Services*, (x) *Customer Relationship Management*, (xi) *Create Sustainable Value towards Supplier*, (xii) *Biodiversity and Ecosystem*, (xiii) *Community Involvement*. Among all these sustainability initiatives, this section gives emphasis on the community involvement.

SCG is committed to foster the growth of both the economic and social development. And in the process, environmental conservation becomes a top priority of the Group. They recognize that having a healthy environment is a secured and sustainable business especially for a forest related company like the SCG. Community participation is also important for their operation as it helps them create

a relationship built in trust and development centered community between them and the community where their business operates. They conduct their social projects under the philosophy of “Concern to Social Responsibility”.



Figure 13: SCG CSR Strategy, 2015 SCG Sustainability Report, p.109

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In the implementation process, three main departments are involved. First is the SCG Sustainable Development Committee, which supervises the projects, related to communities surrounding manufacturing areas. Then the CSR Committee for Sustainable Development which supervises the CSR policy and direction as well as addresses wider corporate social responsibility and impact. And lastly, the SCG Foundation, which has the key mission in human resources development equipping people with competencies that will enable them to become forces for national

development. The overarching target of their community involvement projects is to “enhance and develop community and society capacities for a secure and sustainable growth by leveraging SCG’s competencies in various fields to engage with different facets of society and enhance their overall quality of life”. To achieve this, the Group has identified four key development strategies which this section discusses thoroughly. The summary of initiatives in this section is derived from the published Annual and Sustainability Reports of SCG Group from 2013-2015, as well as news articles reporting the outcome of SCG’s CSR initiatives {SCG, 2016: Sustainable Management Approach}.

5.2.2.1 Development of Model Projects for Sustainable Development

The model projects initiated by the SCG have been backed up by strong community and relevant stakeholder engagement to ensure sustainability and inclusivity of the projects they do. An example is their *SCG Conserving Water for Tomorrow Project*, which has been awarded as 2015 Outstanding Project in Natural Resources and Environmental Conservation by the National Identity Committee of the Office of the Permanent Secretary and Prime Minister’s Office. The goal of the project is to conserve and restore water resources through close monitoring of water supplies and dams in the country. By doing so, forest ecosystem is restored and a year-round

water supply is assured to the communities they operate with.⁴⁷ Livelihood projects were also launched. A total of 80 communities have participated in the project with over 210,000 rai of community forest was preserved. Community enterprises is also one of the sustainable ingredient for the projects as it creates livelihood to the community as well as proper environmental awareness through various Community Learning Centers established within communities.⁴⁸

Partnerships and community participation is also a priority for the projects in SCG. The Group has forged partnerships through *Community Partnership Association*, *Cement Partnership Initiative Project* and *Community Partnership Project*. These partnerships ensure that their community projects are need-based taking into consideration the urgent need of the communities they work with.⁴⁹ And apparent demonstrating this is their *Innovative Technology for Remediation of Saline Land Project* where they help moderate levels of soil salinity. This helped 17 provinces in the northeastern region to develop high value-agriculture.

Through the existing community partnerships, they have also organized mobile medical units for over 96 communities in 2015, and awarded 440 nursing scholarship between 2011 to 2015. In terms of education, the have awarded 97 scholarships up

⁴⁷ Sustainability Report 2015 SCG, p. 68

⁴⁸ Sustainability Report 2015 SCG, p. 110

⁴⁹ Sustainability Report 2014 SCG, p. 72

to bachelor degrees and hosted tutor sessions for over 2,500 students. These partnerships also resulted to the formation for community enterprises like the banana processing with the support of Thammasat Business School. It is also observed that the partnerships that SCG forged are not only limited to the community recipients but also to the various government, research and educational institutions to maximize the impact of their community projects.⁵⁰

5.2.2.2 Promoting Capacity Building for Society through Specialized Agents

To maximized need-based community approach, SCG has served as the middle ground that links specialized agencies to work with their community projects. In 2015, the Group forged partnership with the Thailand Sustainable Development Foundation, the Royal Thai Army, National Science and Technology Department and the Thai Chamber of Commerce to develop the *Model Wisdom Leaders* under the *Power of Wisdom Project*. This project aims to create networks of leading and competent farmers that possesses new paradigm of development, logical thinking, and problem solving skills that will lead to self-reliance and good quality of life based on the Sufficiency Economy Philosophy. This has resulted to over 230 trained participants in 2015 under the 257 training sessions they have conducted. Today, SCG reports 1,800 network of practitioners who have echoed their knowledge to over half

⁵⁰ Sustainability Report 2015 SCG, p. 111

a million population. The knowledge gained from the courses led to the creation of 129 product lines in 60 communities, such as transforming sweet vegetables into sweet tea vegetables. Marketing and product label designs were also introduced to maximize their market and profits. SCG also takes pride in allowing communities to grow as well as new methods of environmental management and cultural preservations.⁵¹

Community service and assistance does not end where the country's border begins for SCG. As an example, in 2015, they have also created alliance with the Crown Property Bureau and Ban Phaeo Hospital to deliver the *Sharing a Brighter Vision Project* to the city of Mawlamyine in the Mon State of Myanmar. The project team up with medical specialists to perform cataract services to 206 patients in Mawlamyine. They also donated medical equipment to the ophthalmology department of Mawlamyine General Hospital. 700 scholarships were also given to students under the *SCG Sharing the Dream Scholarship*. The project has given over 70,000 scholarships in Thailand since its inception in 1981, and its expansion to its ASEAN operations since 2007. Assisting in natural disasters like flooding was also done by the company particularly at Win Sein Taw Ya. Aside from ensuring that

⁵¹ Sustainability Report 2015 SCG, p. 112

communities where their businesses operate are taken care of, SCG also believes that the projects that they support are fostering stronger Thai-Myanmar relations.⁵²

5.2.2.3 Employees' Community Engagement Projects

In ensuring that social responsibility is not limited to the organizational level, SCG employees were given the opportunity to be engaged in its community-based projects through volunteer programs. *Sharing Opportunities, Drawing the Future Program* is one of the pilot projects of the Group which has been in operation for a decade. It helps instill corporate social responsibility values among its workforce.⁵³

Throughout the course of its operation, over 1,400 projects were developed to enhance community livelihoods covering all provinces in Thailand. 140 million baht has been utilized and over 6 million baht donations were from the employees themselves. This model serves as a model of engagement with other sectors and stakeholders within ASEAN.⁵⁴

5.2.2.4 Alleviating Community Issues and Livelihood Enhancement Projects

Along with their vision to encourage partnerships within community to ensure inclusivity in their initiatives, the Group provides support to organization that are

⁵² Sustainability Report 2015 SCG, p. 113

⁵³ Sustainability Report 2014 SCG, p. 71

⁵⁴ Sustainability Report 2015 SCG, p. 115

well-recognized in community management working to address social problems and elevating livelihoods. In 2015, SCG initiated the *Safety We Care Project* which aims to encourage multi-stakeholders collaboration on knowledge dissemination regarding road safety. Lectures, exhibitions as well as knowledge sharing sessions were conducted with operators in logistics and Don't Drive Drunk Foundation on road safety and road traffic safety management.⁵⁵

5.3 The Role of SCG Foundation: Traditional CSR

One of the key tenants of SCG's operation is the concern for social responsibility. The Group believes that their operations should be motivated by the aim to create social impact to benefit the society, particularly the Thai society. That is why, on the occasion of their 50th anniversary in 1963, they established a fund from which the investment proceeds be used to benefit the society through social activities. 75,000 baht was initially endowed and additional 75,000 was from F.L. Smidth & Co. in Denmark {SCG Foundation, 2014: Background}.

They, however struggled to sustain the funds for their ongoing activities. Two years later, in 1965, the fund was officially registered and proclaimed as a public charitable organization. Their operation continued and various social activities were carried out. In 1992, the Group donated additional funds and stock where proceeds are used for

⁵⁵ Sustainability Report 2015 SCG, p. 115

their benevolent activities. It has also been an open book practice for the Group to top up funds whenever the investment proceeds in a certain year is low. This is a practice motivated by the belief that providing assistance and contributing to society are commitments that must be ongoing {SCG Foundation, 2014: Background}.

Today, the Foundation stands alongside with the sustainability efforts of the Group to provide development to the community. The restructuring of the Foundation allowed business practices and management to optimize its philanthropic efforts. This, as SCG Foundation puts it, attest to the Group's unwavering commitment to "concern for social responsibility" and "belief in the value of individual" {SCG Foundation, 2014: Background}.

To materialize their mission on social initiatives and to encourage sustainable development in Thai society, they determined to maximize the potential of people by focusing their initiatives on children and youth, a major force that drives future development in Thai society. Their initiatives are categorized into five themes which will be discussed in details.

5.3.1 SCG Foundation Lead Initiatives

5.3.1.1 *Early Childhood Development through Books*

SCG Foundation has the mission to develop human resources, especially the youth, thus at the early stage, the Foundation invests on them. The project, which has been in operation since 2004, encourages the parents to pay great attention to early stage of their child's development. And according to the Director and Manager of the Foundation, Suvimol Chivaluk, it an early stage, reading habit must be planted to the children. The foundation has partnership with local and international artists to come up with colorful books, which 50 years ago, were scarce resources for Thai youth {SCG Foundation, 2015: Our Projects}.

They partner with the Board of Book for Young People (BBYP) during the annual International Children's Book Day. It is also in line with the celebration of Her Royal Highness Princess Maha Chakri Sirindhorn's birthday. In 2005, the cabinet passed a resolution announcing 2nd of April to be the National Book Day of Thailand. Various book related projects were also initiated by the Foundation such as the *Bring Good Books to Thai Children Project*. The Foundation gathers world class picture books, then published and sold at modest price. The Foundation also donates profits from sales of picture books to the production of picture books for schools and young children development centers {SCG Foundation, 2015: Our Projects}.

An annual *The Tales in the Garden Festival Program* was initiated to encourage parents to participate in early childhood education for their young children. They are encouraged to read books to children, a habit that the Foundation wants to inculcate in the Thai consciousness.

5.3.3.2 Education Promotion and Support

SCG advocates and believes strongly on the capacity of each individual given proper environment to grow, and an individual growth is a societal growth in effect. Thus, through education support, SCG envisions children with determination to study and be provided with educational opportunity. Scholarship program is one of the first social responsibility projects of SCG. Since 1981, SCG has granted merit-based, non-obligated scholarships to children and youth. Today, over 70,000 scholarships have been provided and it has been expanded to other ASEAN nationals.⁵⁶

Under the education support program, it is sub-grouped into three projects. First is the *SCG Sharing the Dream*, where underprivileged children and youth living in rural areas nationwide are given the opportunity to go to school. The project has given scholarship grants for all level of education to ensure a complete coverage of their

⁵⁶ Sustainability Report 2015 SCG, p.115

targeted group. Annually, the Group provides over 4,000 scholarships ranging from primary to Bachelor's Degree with an estimated budget of around 35 million baht {SCG Foundation, 2015: Educational Promotion and Support}.

As an industrial country, SCG sees the need to support youths as well who are pursuing vocational diplomas on industrial technology. Like the Sharing the Dream project, *Vocational Students Build the Nation Scholarship* is merit-based and no-obligation grant. By supporting these youths in this sector, SCG believes that they will drive the future of the industrial sector, and will elevate Thailand to compete to the international level {SCG Foundation, 2015: Our Projects}.

Aside from scholarship and grant programs, SCG also holds an annual *Academic Camp and School Counselors Program* where they help the 9th grade students, who are at the crossroad of choosing their career path, to learn more about their passion, proficiency, and interests through the “self-discovery tests” facilitated by the Foundation. With these holistic approaches on education, SCG aspires to ultimately support Thai children's dream to strive on their path of educational achievement.

5.3.3.3 Promoting Youths and People's Special Talents

Education is a very broad and diverse concept. Thus SCG Foundation widens its programs to accommodate specialized talents and skills. They support talented youth to shine as quality artists that in return pride the nation. They support artists to create works of art in order to raise awareness to the society, appreciate the value of art and artistic talents, and ultimately elevate the Thai art segment to be on par with the international level.

They also give recognition to exemplary artists through their annual *Young Thai Artist Award*. The program dates its history in 2004 as a way of creating platform for Thai young artist to showcase their artworks. In parallel, the Foundation also holds *Art Camps* annually to support the dream of youth who wishes to pursue their study of art in the university. They target rural areas lacking opportunities and they partner with national artists, art professors, and experts on various art fields. They also have space for contemporary arts in the field of film through their *Short Film Critique Program* and the *Literary Critique Program* for written works. This aims to develop the Thai Literary World and showcase Thai culture through moving and written art forms. This is in addition to the *Reading-Writing-Learning-Thinking Literary Youth Camp* where they learn literary knowledge in 4 bases, novel, short story, poem and documentary {SCG Foundation, 2015: Our Projects}.

5.3.3.4 Creating Social Awareness

One core philosophies of SCG is social responsibility. Along with this principle, they believe that social responsibility is the responsibility of all, not just the top management but also engaging all its employees. In addition, the strength and sustainable growth of the society starts with quality people who possess great mind and public heart.

Sharing Opportunities... Drawing the Future Program, which started in 2007, gives platform for SCG employees to apply their knowledge to benefit the society and contribute to the nation leading innovative social contribution. The program is boasted to have brought smiles to Thai people in all 77 provinces in the country. Annually, 40,000 SCG employees make social contributions to share opportunities to underprivileged and draw the future for the next generation who are in need {SCG Foundation, 2015: Creating Social Awareness}.

The social activities for employees have been long practiced by the Group. Since 1981, the Foundation has persuaded SCG employees to share their annual leaves and energy to volunteer and join an annual trip to construct school building and rest rooms for schools in remote and rural areas. This is through the *SCG Volunteer Club* supported by the top management and budget of SCG Foundation. Annually,

employees raise over half a million baht to help out in their volunteer projects {SCG Foundation, 2015: Creating Social Awareness}.

Lastly, in creating a socially responsible citizenry, SCG Foundation provides project grants to undergraduates or vocational students who have social awareness programs that need funding to be launched. Through the *“Intellectual...Do Good” Project*, the Foundation aims to encourage young blood to apply their knowledge and creativity in the right way to contribute to the development of the society. This is to ultimately see Thai youth grow and be capable and ethical people of the Thai Society {SCG Foundation, 2015: Creating Social Awareness}.

5.3.3.5 Sustainable Community Development and National Disaster Assistance

The community development program and disaster assistance of SCG foundation is both a preventive, immediate, and reactive assistance. The disaster program through SCG funds started as a result of the 2004 Tsunami crisis in the South of Thailand. The funding, which was called the *“SCG Tsunami Relief Fund”* aimed to support communities affected by the calamity during and after the crisis. The program was later on developed to be *Career Fund Program* to help maximize the potential for communities and create community leaders among them. The same fund and

program was then again used during the great flood in 2011, where schools were restored and rebuilt {SCG Foundation, 2015: Emergency Assistance}.

The Group also utilizes its engineering and advance technologies to produce essential products meeting the needs of those who were affected by calamities (i.e. paper portable and floating toilet). They also assist in preventive measure programs through their “*My School...Flood-Fight Preparedness Program*”.

Various career fund programs have been in place in various provinces in the Thailand. For example, the *Jogo Career Fund in Nan* where social workers are given the opportunity to start entrepreneurial venture. In return, community leaders are created which is vital in community development. Micro loans are also provided through the career funds. Southern region affected by the on-going conflict is one of the beneficiaries. Pang Network Program in Sakon Nakhon, which promotes self-reliant agriculture also received assistance. In 2010, *Ban Pla Boo* in Mahasarakham benefited through leadership and capacity building assistance and development management skills program. In Songkhla, in partnership with the Thai Sea Watch Association, funds were used to repair and rebuild the boats and other fishing equipment of the fishermen who were affected by the flooding {SCG Foundation, 2015: Sustainable Development}.

To ensure sustainability, the funding mechanisms require recipients to ensure payment in consistent terms so that they can again use the funds to expand their projects and increase the number of recipients and beneficiaries. An interesting observation that can be drawn in the community development programs of SCG foundation is their emphasis on self-reliance {SCG Foundation, 2015: Sustainable Development}.

5.4 SCG Sustainability and Social Responsibility Operation and Management



Figure 14: SCG Sustainable Development Framework, 2015 SCG Sustainability Report, p.20

In strategically integrating their sustainability agenda, careful planning was taken in order to ensure that international standards are met, and all stakeholders were

consulted. The road to sustainability for SCG can be explained by categorizing the sequence of its events; Pre-SD, Structural Adjustment, Materiality, and Assessment.

5.4.1 Pre-Sustainable Development

SCG have been integrating social agendas and social development into their business operations long before the concept of Corporate Social Responsibility became a global agenda. The establishment of the SCG Foundation in 1963 clearly showed that social responsibility is embedded into their business strategies. As the Group grew however, international standards need to be followed. Thus, as per sustainability agenda is concern in an international sense, SCG traces its history to the adoption of the Group's SCG Code of Conduct in 1987.

From then on, they look outward on how they can integrate international sustainability agendas into their business operations. As a member of the international business community, they are in the position to follow or integrate global developmental agendas (i.e. UN Global Compact, UNFCCC, GRI, ISO, ILO). Their membership to various organizations also affected how they operate their businesses (i.e., WBCSD, CSI, FSG).

From these global standards, they identified key issues that SCG can work on. They involved all of their stakeholders such as customers, employees, suppliers, surrounding communities, shareholders, government agencies, civil society, and academic community. From the global standards and issues identified by the Group to focus on, they came up with four main thrusts for their sustainability agenda; **Governance** (*Good Corporate Governance, Integrated Risk Management, and Disclosure & Reporting*), **Economy** (*Direct Economic Value Generation, and Economic Value Distribution*), **Society** (*Community Investment & Donation, Labor Standards & Practices, Human Rights, Human Capital Development, Occupational Health & Safety, & Stakeholder Engagement*), and the **Environment** (*Energy Conservation, Climate Change, Water management, Waste Management, Ecosystem & Biodiversity, and Eco-Product*).

After Identifying these sustainable development focus, the Group benchmarked with international companies that have good practices on sustainable development. And from there, they developed their tailor-fitted version, and came up with the SCG Sustainable Development Framework.

5.4.2 Structural Adjustment

Responsibilities	Involved Committee
Production Process	<ul style="list-style-type: none"> ▪ SCG Energy Committee ▪ SCG Waste Management Committee ▪ SCG Water Management Committee ▪ SCG Climate Change Committee ▪ SCG Green Building Committee ▪ SCG Hazardous Waste Committee
Supply Chain	<ul style="list-style-type: none"> ▪ SCG Supplier Development for Sustainability Committee ▪ SCG Contractor Safety Certification System ▪ SCG Code of Conduct
Adding Value to Producers	<ul style="list-style-type: none"> ▪ SCG Eco-Value Committee
Streamlining Sustainable Agenda	<ul style="list-style-type: none"> ▪ SCG CSR Committee for Sustainable Development ▪ SCG Foundation

Table 5: SCG Sustainable Management Approach Structure

To ensure that sustainable agenda are streamlined in the SCG business operations, SCG has come up and mandated various committees to ensure its implementation. For SCG, the key driving force that ensures that the standard system and operational guideline work is the support of the operating employees in the SCG Sustainable Development Committees. Employees are expected to be knowledgeable and aware on sustainable development at work. This knowledge is created and shared through series of trainings and engagements. They ensure that international standards are met and streamlined into their business operation.

With regards to their business operation abroad, which comprise of 9% of the Group's over-all operations, SCG has set up a vision to become sustainable business leader in ASEAN. Their affiliation with the World Business Council for Sustainable Development also helps in determining the focus for the future direction of sustainability in business operation.

5.4.3 Implementation

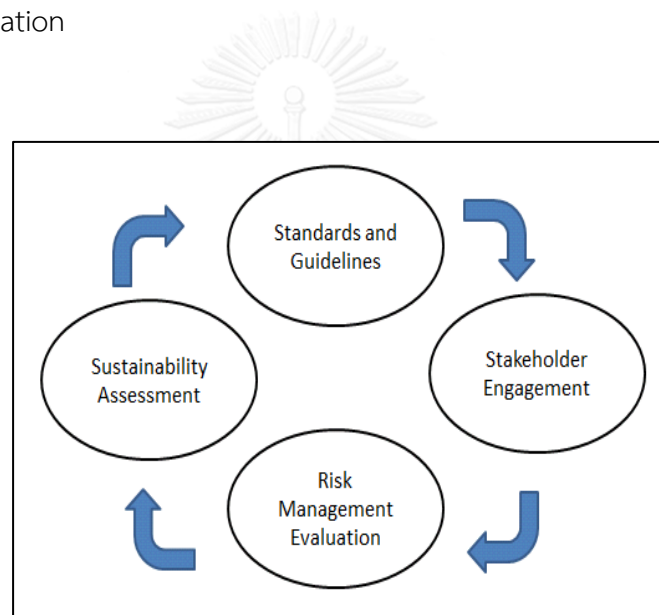


Figure 15: SCG Sustainable Development Implementation Process

In ensuring that sustainable agenda is properly in placed, SCG uses various policies, guidelines, and mechanisms. On top of their sustainable policy is the *SCG Sustainable Guideline in 2008, Code of Conduct* which has been a key to SCG's operation since 1987. Other policies and standards also include *Stakeholder Policy, Environmental Conservation and Supply Chain since 1991, International Standard*

on *Environmental Management System (ISO 18001)*, *Energy Management System Standard (ISO 50001)* since 2011, *Green Procurement Guidelines*, *SCG Safety Frameworks* among others. From these, they engage stakeholders in planning and consultation, then conduct risk management evaluation, and use international assessment guidelines. The evaluated results then help them re-evaluate their practices to ensure improvement.

In risk management assessment, the key risk categories that SCG considers include (i) *Safety, Health and Environment Risk*, (ii) *Compliance Risk*, (iii) *Reputation and Intellectual Property Risk*, (iv) *Hazard Risk*, (v) *Input Risk*, (vi) *Process Risk*, (vii) *Financial Risk*, and (viii) *Business Risk*. The Group's great emphasis is on Enterprise Risk Management which is essential in achieving the organization's objectives and goals. In the process, they identify risk and opportunity, and then assess them. After the assessment, they make an informed decision, and reporting and monitoring system. As Chaovalit Ekabut, SCG Vice President for Finance and Investment, puts it, risk management acts as a safeguard for the Group on their path to sustainable development.

5.4.4 Assessment

Assessment is important to ensure SCG is on the right path towards sustainability. The first step that SCG does is to collect relevant sustainability issues related to SCG's operations. This is conducted through various surveys from experts in various professions, employee satisfaction survey, community satisfaction survey, brand image survey, and complaints they received from various stakeholders both internal and external. Then, from these collected data, they compare their sustainability issues with enterprise risk, then analyze to identify additional issues.

For the next step, they conduct external and internal assessment on sustainability perspective and viewpoints through conferences, seminars, workshops and meetings. From the gathered result, they plot impact and results to assess and review their current sustainability initiatives and programs. Then it is submitted to make an improvement proposal, ensuring that they level up their previous performance.

The assessment is done using various assessment tools such as the Global Report Initiative (GRI), WBCSD-CSI, Environmental Performance Assessment Program (EPAP), Safety Performance Assessment Program (SPAP), and the Dow Jones Sustainability

Indices (DJSI). As a result of the integration of clear sustainable agenda, SCG received various local and international recognitions.⁵⁷

5.5 Thai Culture in CSR Approaches of SCG

In the sections discussed in this study, CSR has been studied in various lenses, from the theoretical, national, and company-based perspective through the SCG. Looking into the two faces (sustainability and SCG Foundation) of CSR initiatives of SCG, an interesting feature comes out. As a big company that has business operations outside Thailand, it marries both Carroll's Three-Dimensional model of Corporate Performance whereby he mentioned that the order of priorities for CSR operations for developed countries are economic contribution, legal compliance, ethical conduct, and philanthropy consecutively. On the other hand, Visser's claim for developing countries that priority orders are economic contribution, philanthropy, ethical conduct, and legal compliance. This section looks into the role of culture on why philanthropy remains a priority by SCG even literatures in sustainable development looks at philanthropy negatively.

⁵⁷ The list of Sustainability related awards received by SCG can be accessed through http://www.scg.co.th/en/05sustainability_development/pride-of-scg.html

5.5.1 Patron Client Culture

{Pimpa et al., 2014} believes that CSR is not a new concept amongst Thai society. As a matter of fact, they have long practiced the culture of Uppatum (อุปถัมภ์). In this long practiced tradition, members of the higher ranking members (SCG), provide for the welfare of the lower ranking (beneficiaries and customers). And in return, the lower ranking members give service, respect and loyalty to them. This concept is believed to have socially made corporations in Thailand to provide assistance to the needs of the society. In the case of SCG, ethical business is one of their fundamental core values. They ensure that inclusive growth of their stakeholders and the societies where they operate are targeted. With this Thai culture, they have then believed that they have the responsibility to do good to the community, though later on this belief evolved into shared responsibilities by all.

This philosophy is also used in the assessment of its sustainability agenda. The views of the various stakeholders are taken into consideration. For SCG, it is not just a responsibility to do good but also to meet the needs of the society and stakeholders it serves.

5.5.2 Merit-Making

Buddhism is a dominant belief system in the country. One of the fundamental elements of the Buddhist teaching is the tradition of merit-making. Buddhists believe that good deeds contribute to the liberation from the cycle of incarnation. In SCG, the merit making is channeled through their philanthropic activities discussed above. This particular practice however is much more evident in the operations of SCG Foundation than the adaption of SCG's Sustainability Agenda. With this belief system, it becomes easier for the Group to engage its employees to their volunteer programs like the *Sharing Opportunities...Drawing the Future Program*. Integrating volunteer works to business operation becomes easier for SCG because the culture of volunteerism and merit making is already embedded in the consciousness of Thai people.

Furthermore, most of the scholarship programs, donations, and community building efforts done by the Group can also be considered as merit-making. Charity is also a way of merit-making amongst Buddhist and Thai people in general. It reflects the culture of providing assistance of the haves to the have-nots. Though {Brammer, Millington & Rayton, 2007} warn that charity only becomes a good karma when provided for best of reasons without reciprocities, in the CSR operation of SCG, it shows that merit-making is of great influence to its implementation.

5.5.3 Conflict-Avoidance Culture

According to a Thai proverb, “keep the muddy water inside and clear water outside”. This shows how relationship matters significantly in Thai culture. {Vichit-Vadakan, 2002} explains that there is a general agreement that any sort of outward confrontation that results in bad feelings or a party losing face will damage or ruin a relationship. This specific Thai culture is called *Kreng Jai* (เกรงใจ). For SCG, to avoid possible conflict and to maintain happiness and harmony within the community where their businesses operate, community engagement became a standard practice. As shown through the various social and community engagement initiatives of the Group, SCG has practiced strong stakeholder engagement in its business operations. With regards to their CSR initiatives, SCG commits in including community leaders and even training them so they can serve as their partners towards community building and community sustainable development.

5.5.4 Supporting the King’s Initiatives

Another aspect that has an effect on how SCG or how Thailand in general conducts their CSR, is the enormous love and respect of Thai people to their King. It is evident by how they live their lives, by living the virtues and inspiration from their King’s initiatives. In the case of SCG, their very existence was because of the modernization process introduced by King Rama VI. In 1910, modernization and industrialization

took place in the country thus there came a big demand for construction materials. Thus, with the influence of the King, SCG was born in 1913. The Group since then became the partner of the King for the modernization and construction of Thailand. Because of this pride of being established by the initiative of the King, until today, they are inspired to carry the responsibility of support and help uplift the lives of Thai people and help in the development of the country as a whole.

A direct influence that can be noticed on the CSR initiatives of the Group is their emphasis on self-sufficiency economy. Self-sufficiency has been promoted by His Majesty King Bhumibol Adulyadej through sustainable farming since the 1950s. According to the King, economic development is a step by step process. He suggests that strengthening economic foundation first is fundamental by assuring that majority of the Thai population has enough to live. When this is assured, then the country can embark in pursuing more advanced levels of economic development. There is a clear linkage between this economic philosophy and the CSR initiatives of the Group. Its Career Fund Program emphasizes on self-sufficiency strategy as well particularly in its projects with the farmers, fishermen, social workers, and villagers.

The relationship of the King and SCG's community development is that the King provides the broader goal (both in the case of King Rama VI and King Rama IX) where

SCG needs to work on its capacity to realize these broader goals through specific and tailor made programs.



Chapter VI

Data Analysis and Discussions

In the gathered data from the national evolution and development of CSR in Malaysia, Philippines, and Thailand, and the practices of CSR in the case of Commerce International Merchant Bankers (CIMB) Group, San Miguel Corporation (SMC) and Siam Cement Group (SCG), the analysis of this study refers back to the theoretical framework of the study on input-thruput-output. The key discussion on this section revolves around the motivation and drivers that propel the practice of CSR, how it is operationalized and integrated into its initiative, and the areas where the three companies focus their CSR initiatives on. From these general analyses of linkages, this study will present a model that presents the role of the culture in the practice of CSR in ASEAN and the possible direction of CSR in the region. Even though this study only revolves around three companies in ASEAN as case studies, it provides a window of how CSR is conducted in the ASEAN region.

6.1 Input: Motivations and Drivers of CSR in Malaysia, Philippines, and Thailand

There are five general motivations and drivers that were synthesized in the CSR practices of the three case studies. It appears that these motivations and drivers are interlinked and complement each other. These general drivers and motivations are categorized into global, national (government and civil society), business level, and societal level which has different degree of influence in each company.

Company	Societal Level	Company Level	National Level		Global Influences
			Government	Civil Society	
CIMB Group	✓	✓	✓✓	✓	✓✓
SMC	✓	✓	✓	✓✓	
SCG Group	✓	✓✓	✓	✓	✓✓

Table 6: CSR Drivers and its Level of Influence among CIMB Group, SMC, and SCG Group

6.1.1 Global Influences

In the study of the integration of the term Corporate Social Responsibility in the national context of Malaysia, Philippines, and Thailand, global trend, discussion, and practices greatly shaped how now the term and concept is conceived in these three countries. These global influences came in the form of the adaption of policies in the international community. As an example, the literature on the history and

development of CSR in Thailand are linked to the WTO Ministerial Meeting in 1999 and the introduction of the UN Global Compact. Environmental related policies also contributed to how private sectors became more conscious of their impact to the society and to the environment, like in the case of Malaysia and the Philippines.

In general, from the millennium to present CSR understanding in the Philippines is also attributed to as a product of globalizations. And in this context, global trends on CSR (i.e. Green Economy and Sustainable Development Goals) greatly influenced the practice and became a new lens on how CSR is seen in the country. It is echoed by the experience of all three countries whereby CSR practices are said to have been influenced by the operation and presence of multinational companies {Rimando, 2012; Sakornratanakul, 2010; Lu & Castka, 2009; Asian Development Bank, 2007}. {Sakornratanakul, 2010} explained that this was in compliance to the guidelines issued by the Organization for Economic Co-operation and Development (OECD) which states that MNCs should conduct business only with companies that showed social and environmental concern.

Compliance to various international affiliations that companies belongs to also influence their practice and reporting of their CSR initiatives. In the case of SCG, which is known to be affiliated with distinguished sustainable development related organizations (i.e. UN Global Compact, WBCSD, CSI, and FSG), their affiliations affect

greatly on how they integrate sustainability to their CSR initiatives. In terms of reporting, Both CIMB Group and SCG use GRI-G4 guideline in their sustainability reports, therefore, their understanding and practice of CSR are shaped also by this international framework.

The international presence of the Group also suggests their degree of compliance to the global trends and standards of CSR reporting. In the case of the SCG, it envisions itself to be the leading cement company in ASEAN, thus their operations must be of par with internationally recognized standards. It is also said to be case of CIMB Group where it aims to be the leading ASEAN universal bank. In the case of the Philippines where most of its conglomerate businesses are operated in the Philippines, pursuit to global standards and regulations are less evident.

6.1.2 National Influence

6.1.2.1 Government and Economy

The government has the responsibility to create and implement policies that would encourage the practice of CSR at the national level. This is very much evident in the case of Malaysia where the government is the most influential driver in the CSR practice in the country. It was evident at the introduction of the Silver Book, which encourages the reporting of CSR initiatives of the government linked companies, and

the introduction of the CSR Framework by Bursa Malaysia in 2006 mandating all public listed companies to report their CSR initiatives. The focus of CSR was also regulated and identified, addressing Malaysian companies to implement CSR initiatives in four broad focus areas; society, environment, workplace and marketplace. This is also evident in Thailand whereby public listed companies are encouraged to undergo CSR trainings facilitated by the Stock Exchange of Thailand's Social Responsibility Center.

In the three countries of this study, incentives are also a common driver that provides an environment that encourages the practice of CSR among local businesses. Though the mechanism might not be the same, the existence of these incentives show that government considers private sectors as their national development partners. In addition, award systems on CSR best practices are also common among these three countries. It is usually lead and organized by the country's stock exchange. Additional awards are provided by various local institutions and organizations.

The economy of the country also influences the practice and approach of CSR, as evident in the three case studies. Malaysia, an export oriented country, 23rd in the world according to the 2014 WTO list of leading exporters and importers in the world merchandise, has institutionalized CSR to be in par with international standards.

Compliance to international standards is a key if the country envisions being an export oriented country, and a developed country in 2020 under the Vision 2020 agenda. This provides an explanation why CSR is very much aligned with the international sustainability agenda and index, evident to their workplace and market place focus area on CSR. In the case of the Thailand, a middle-income economy, big CSR initiatives of SCG are focused on infrastructure development. For example, a big amount of CSR expenses are directed to their Conserve Water of Tomorrow Project, a dam restoration and construction project. In the case of the Philippines, the lowest income economy among the three countries in the study, the approach and practice to CSR are aligned with bridging the gap on public services that the government fails to address thus explains the basic needs approach of San Miguel Corporation.

6.1.2.2 Civil Society

Civil society groups are noted as drivers in the CSR development and practice of the three countries. However, this is more obvious in the case of the Philippines. The history of CSR in the country dates back when there were a lot of social unrests and poverty in the country brought by natural calamities and clashes. In this case, private sectors collaborated and created associations to address the needs of the public. This gave birth to the Association of Foundations, League of Corporate Foundations, Philippine Business for Social Progress, and Corporate Network for Disaster Response.

These civil society platforms provide private sectors, and SMC to align its efforts with the vision of these groups.

In Thailand, organizations start to support the CSR efforts and promoted it to its members. These organizations include the Thai Bank Association (TBA); Thai Industrial Standard Institute (TISI); CSR Promotion Center; Institute of Directors (IOD); Thailand Volunteer Services (TVS); and the Thaipat Institute.

6.1.3 Company Level

One of the key factors that propels the direction, operation, and practice of CSR among companies is the company's goals and vision. And through the stakeholders' engagement process, the company determines the course of its initiatives through the three factors identified in this study: (i) vision, which refers to where the company sees itself as a market player, (ii) its global presence, and (iii) nature of industry.

For example, in the case of the SMC, most of the business operations of its conglomerates are run in the country. The company's vision revolves around the goal of providing products and services that is of top quality and that is mindful of its affordability. In comparison with the other two companies, where their visions are

set to be the leading companies of their respective industry in the ASEAN region, SMC's CSR initiatives are driven by local standards, in contrast to the more global approach of the two companies.

In terms of practice and priorities, the nature of industry affects the focus of CSR initiatives of these three companies. For CIMB, in addition to the four national CSR focus areas, they also include Regional CSR Initiatives as their 5th key focus. This can be explained by the strong presence of the Company in other ASEAN countries, and also because of its vision to be the leading bank in the region. For SCG, a very environmental-related industry, they put emphasis on environmental preservation and research and development to improve and create products that are environmentally friendly. Furthermore, they ensure that their operation and practice are in par with international regulations and standards. In the case of SMC, a lot of its CSR initiatives are related to the community development. Their environmental-related drives are implemented by SMC Power and Petron, which are heavy environmental related industries.

6.1.4 Societal Level: Culture and Norms

It may not be included boldly on the CSR reports of CIMB Group, SMC, and SCG Group, but culture plays an important role in the CSR practice of these companies as

well as the development and evolution of CSR in these countries. The history of CSR, most evidently in Thailand and in the Philippines, cultural norms and the belief system drove the companies to do good way before any policies were introduced in the country on CSR. Literatures reviewed in this study suggest that the practice of CSR has long been incorporated by businesses even before the term CSR was used. The act of CSR however is understood in different terminologies and practices.

In the case of the Philippines, a predominant Christian country, the teaching of “love your neighbor” in the bible, has inspired companies to contribute to the well-being of the community they serve. This is also in parallel with other Filipino custom such as *Bayanihan*, which connotes community volunteerism. Furthermore, the concept of *Utang na Loob*, *Pakikisama*, *Utang na Loob*, and strong Filipino family values, has shaped how SMC understand and integrate its CSR efforts. The launching of Team *Malasakit* is a clear manifestation of how SMC transforms a national culture to propel its CSR efforts, through community engagement and employee volunteerism.

For Thailand, four traditions, customs, and belief system shaped the evolution and practice of CSR in the country, as evident in the case of SCG Group. The patron-client culture provided a foundation in the Thai society of action expected from those who have authority and influence, which then served as an inspiration on how CSR is understood in the local context. This culture suggests that members of the higher

ranking members (SCG), provide for the welfare of the lower ranking members (beneficiaries and customers). This is heightened and echoed by the core teaching of Buddhism on merit-making. The concept of conflict avoidance in the Thai culture is also manifested by the community partnerships in the CSR initiatives of SCG. And lastly, it was also evident that the King's initiatives played a significant influence of how SCG acknowledges its role in contributing to the general welfare of the Thai society, following the vision and self-sufficiency economy promoted by the King Rama IX, and the pride of being established by King Rama VI.

For Malaysia, unveiling the role of culture as a drive and motivation becomes challenging due to the presence of a very structured approach on CSR motivated by the presence of national policies and regulations. However, the way they practice their CSR initiatives carries national norms. For example, when they do community service and programs for the Muslim community, they channel it through their CIMB Islamic Bank. This approach allows a more culturally sensitive mechanism in their CSR initiatives. Furthermore, their initiatives and business practice echoes the promotion of diversity and social harmony, especially in a very plural and multi-cultural society like Malaysia.

In the study of these three companies in Malaysia, Philippines, and Thailand, it shows that culture serves as a language that informs the importance and acceptance of the

CSR concept. It is evident in the case of the Philippines and Thailand where history of CSR informs that the local companies have been practicing CSR long before the concept was introduced. When policies existed and regulations were in place, culture still is a major consideration of the company's actions. The culture is incorporated in the CSR practice in Malaysia, Philippines, and Thailand through stakeholder engagement and through the vision of the business leaders, where belief system and norms affect and inform their decisions.

6.2 Thruput: CSR Operational Models of CIMB Group, SMC, and SCG Group

This section showcases the various models of CSR adopted and used by the three case study companies. It also shows various approaches of incorporating CSR in the business strategies of these companies, as well as how they manage their CSR initiatives.

6.2.1 San Miguel Corporation's Need Based Approach

SMC's CSR initiatives uphold the principles of Basic Needs Theory, whereby their CSR initiatives are driven by the immediate needs of the society. In a country where there is an apparent lack of budget from the side of the government to respond to the basic needs of the society, SMC upholds their CSR to responds to these gaps. To

make it strategic however, they utilize the expertise and the specialization of each of their conglomerate to address the needs of the community where their businesses operate.

The vision of the COO is also as important as the local context. Looking a little further on the driver that influences the vision of the COO and the intent of the company to bridge the needs in the society, it is apparent that Filipino cultures and custom are the ones responsible for these motivations. Policies on CSR do not exist in the country, but there is a strong push from the civil society.

In the operation and management of SMC's CSR, they consider four things: (i) their affiliations with various organizations helping promote CSR (PBSP, AF, LCF, PBE, PCNC), (ii) partner organizations both from the public (DepEd, DENR, and LGUs) or from the non-government organizations (AGAPP and Gawad Kalinga), (iii) local policies (Clean Air Act, Volunteer Act, etc.), and (iv) community participation. These guide them to have a holistic and tailor-fitted approach that matches the need of the community they serve.

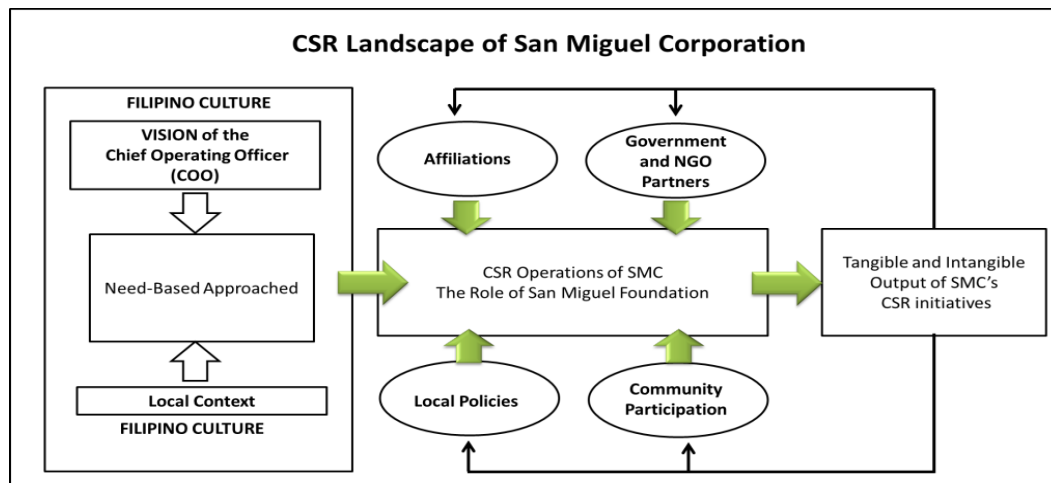


Figure 16: CSR Landscape of San Miguel Corporation

The corporation does not directly follow nor adhere to any international standards to sustainability reporting (GRI for example). Their reports are directed to PCNC, who then provides them the accreditation for tax exemptions from the Bureau of Internal Revenue (BIR). They also provide reports to their affiliated organizations, and publish it through their owned publications. When asked why they do not use any international standards like the GRI in their reporting, SMF provides two explanations: (i) they do not want to be boxed on how they should operate their CSR initiatives because how they have been doing it are effective and fitted to the local needs, and (ii) that for them to follow the GRI, they need to centralize all their CSR efforts which is not possible given the structure of the company's conglomerates. They measure their CSR initiatives instead by the tangible (measurable numerical data) and intangible results (built community partnerships).

In the CSR initiatives of SMC, they give emphasis on tailor fitted approach adhering to the local needs of the community they serve. They admit that even if they conduct similar program, the approach will always depend on their local communities. This is ensured by using community participation as a method in planning their CSR initiatives. They include the locals in conceptualizing, planning, and implementing their CSR initiatives, giving the locals sense of ownership and inclusion.

Going back to the debate on culture, in the absence of policies and legislation on CSR (which have even failed in two attempts in the legislative body), CSR in the Philippines have evolved because of the needs for private sectors to assume responsibilities where the government fails to execute. Given these local realities of corruption, poverty, and political unrest in the 1970s that continued until the late 1980s, Philippine businesses acknowledged their roles. These roles have been practiced long before the concept of CSR became a global trend. In this context, what then propels Philippine CSR to flourish and survive to how it is understood today by every corporation? San Miguel Corporation, the biggest conglomerate in the country providing 6.2% of the country's total GDP, provides a compelling explanation by relating it to a familiar concept every Filipinos uphold: Bayanihan Spirit, Christian Values, Malasakit at Pakikisama, Paglingon sa Pinanggalingan at Utang na Loob, and the Filipino family values.

6.2.2 Siam Cement Group's Company's Global Competitiveness Approach

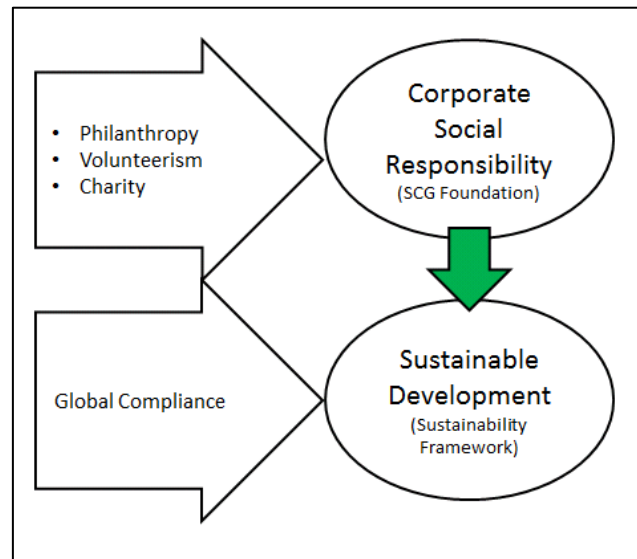


Figure 17: SCG's Approaches on Social Responsibility

In understanding the operation of CSR by SCG, its evolution, growth, and expansion needs to be taken into consideration. In the case of SCG, it appears that there are two phases of how they conduct CSR. At the early stage of the company's operation, how the company sees social responsibility is through philanthropic activities. It is materialized through SCG Foundation, the company's community development institution since 1963. The culture of Thailand, particularly the patron-client relationship culture, religion, conflict avoidance (keng jai), and the King's initiatives served as the guiding principles on its operation.

And as the company grew and increased its global presence in the area of cement production, international standards were clearly integrated in the company. It's

affiliation with various international organizations promoting sustainability agenda also influenced the operation of the company. Clear sustainability agendas, frameworks, and guidelines were used to come up with its own sustainability framework fitting the need and priorities of the organization. In essence, SCG is positioning itself to be one of the leading companies promoting and integrating sustainability agenda into its business operations.

Theoretically, the evolution of CSR as discussed in the literature review, philanthropic activities is being seen as the old way of being socially responsible. Integrating sustainability with the emphasis on environment became more apparent as CSR practices evolve globally. But in the case of SCG, it was able to combine both of international standards on sustainability and their more cultural-inclusive philanthropic activities through the SCG Foundation. The influence of the self-sufficient economy principle by the King Rama IX also guided how they helped the society through their volunteer works, donations, assistance, scholarships, and merit-making in general.

Thai culture remains a strong influence on how they perceive CSR on their local operations. However, SCG does not forget that they are now part of a bigger community, thus international frameworks were integrated into their business operations. This evolution shows that even if the company positions itself by

benchmarking international guidelines, it still remains true to its “Thai way” of doing good by helping sustain the operation of its own foundation. In final conclusion, SCG has two approaches on how they see CSR, the traditional and culturally inclusive way, and the globally-based sustainability agendas. As the company grows its presence globally, SCG marries both the local and global approaches on social responsibility.

6.2.3 CIMB Group’s Institutionalized CSR

In a country where CSR is very much institutionalized and regulated, the course and development of CSR is very much aligned with the national economic agenda and policies. In the case of Malaysia, Bursa Malaysia played a very important role in promoting and regulating CSR initiatives and reporting among its public listed companies. Stepping a little more backwards, Malaysia demonstrated that the government can play a significant role in setting up a CSR aware business community. The company’s vision and the company’s position in the economy of the country is also an important factor on how CSR is conducted by companies.

In the case of CIMB Group, it has demonstrated that their aggressive role to emerge as the leading ASEAN Universal Bank is backed up by their intensive approach, both in numbers of projects and amount spent, on how CSR is integrated in its over-all business strategies and operations. Furthermore, its global presence also propelled the company to be in par with global standards, in all possible aspects of its operations. Their GRI reporting is an example.

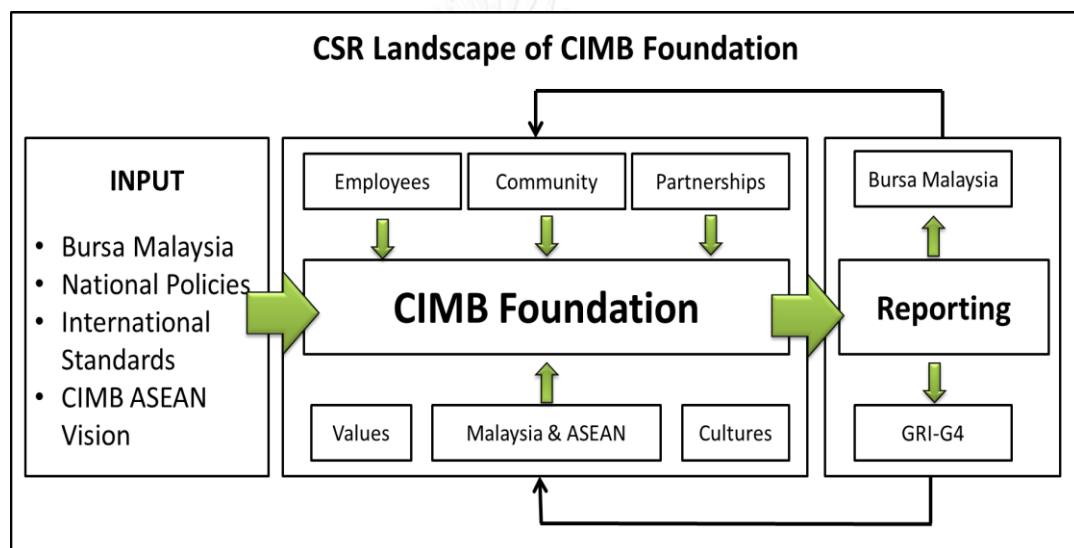


Figure 18: CSR Landscape of CIMB Group

On its CSR operations, CIMB Group through the CIMB Foundation, are characterized by three key aspects; (i) employees' participation, (ii) community engagement, and (iii) partnership building. The company's CSR operations also embody Malaysian culture that considers the plurality and multiculturalism of the society. The way they conduct their CSR and sustainability initiatives promote the culture of co-existence and social harmony, which fits the national campaign for a One Malaysia (Satu

Malaysia). The unwritten rules demonstrated in their execution of CSR combine all general values reflected by all dominant ethnicities in the country, the Malay, Chinese, and Indian.

In conclusion, in a very structured approach on CSR motivated by the presence of national policies and regulations, unveiling the role of culture as a dominant drive and motivation becomes challenging. The way CIMB reports its initiatives are all align to follow the existing policies, which they are bounded. However, the role of culture comes out on the process of how they do their CSR. At the end of the day, as they are paving their way to be the leading bank in ASEAN, their approach, both on their CSR and over-all operations, has to be sensitive to the cultural diversity in the region.

6.3 Output: Themes and Focus Areas

In documenting the CSR practices of CIMB Group, SMC, and SCG Group, the following general themes are common among them: (i) philanthropy, (ii) community development, (iii) environment, (iv) education, (v) natural disaster and relief, (vi) volunteerism, (vii) youth, and (viii) social partnerships.

The findings of this study echoes Richard Welford's claim, chairman of CSR Asia, cited in {Rajanakorn, 2012: 53}, that CSR is philanthropy among Asian countries. In the

cases of the three companies, general donations are commonly channeled through events sponsorship and grant assistance to local NGOs. In the case of CIMB Group and SCG Group, they channel their philanthropy through grant giving to community linked projects initiated by individual employees, or members of the community. In the case of doing philanthropic activities, the actual participation of the businesses is less hands on compared to the rest of their projects.

General CSR Initiatives of CIMB, SMC, and SCG	
General Theme	Practice
Philanthropy	<ul style="list-style-type: none"> • General Donations • Contribution to partner organizations • Advocacy and Event Partnerships • Grant Giving
Community Development	<ul style="list-style-type: none"> • Entrepreneurship and Community Enterprise • Capacity Building • Community Engagement • Empowerment Campaigns
Environment	<ul style="list-style-type: none"> • Forest & Marine Restoration • Clean up Drives • Advocacy Campaigns • Internal Environmental Management of Business Operations
Education	<ul style="list-style-type: none"> • Scholarship • Adopt-a-School Programs • School Construction • Educational Facilities Assistance
Natural Disaster and Relief	<ul style="list-style-type: none"> • Immediate Relief Assistance • Rehabilitation Programs • Community Restoration Programs
Volunteerism	<ul style="list-style-type: none"> • Employee Engagement
Youth	<ul style="list-style-type: none"> • Sports development • Arts and Culture • Heritage Preservation
Social Partnerships	<ul style="list-style-type: none"> • NGOs • Governments • Collective Philanthropy

Table 7: CSR Themes of CIMB Group, SMC and SCG Group

Community development is one of the most highlighted CSR programs among these three companies. The beneficiaries of community initiatives are the communities where the businesses operate. The three companies refer to their communities as partners because they involve them in the planning and implementation process. In Thailand and the Philippines, capacity building among local leaders is also common practice. Promotion of social enterprise is a common approach in community lead projects of these three companies. The companies provide them with skills through series of skills development programs and provide them with seed capital with no interest. In community engagement programs, health and nutrition is also a common focus area.

With regards to environmental management, the degree of focus and initiatives is very much related to the type of industry of the company. In the case of SMC, the SMC Power and Petron lead the initiative in environmental related CSR programs because their operations are closely linked to the environment. This is also the case for SCG. The strategy of SCG involves research and development to introduce products, and develop business operation models that are environmentally friendly. In the case of CIMB Group, a financing company, their contribution to environmental efforts is focused on energy consumption and waste management. The environment-related CSR of these companies are strategically aligned with the daily operations of

its business, from manufacturing, greening supply chain, operations, and product development.

Education also appears to be a common theme in the CSR initiatives of the three companies. Scholarship grants are the most common one. In the cases of SCG and SMC, they strategize their scholarship grants to field of studies relevant to their operations. CIMB Group provides scholarships to countries where their businesses operate. These companies also show evidence of support to the programs of their ministries and departments of education. It is usually conducted through adopting a school program, where the companies help schools with their infrastructure and educational facilities (i.e. DepEd's Adopt-a-School Program, PINTAR, Sharing the Dream Project).

Southeast Asia in general is a disaster prone area. The Philippines had experienced the worst typhoon recorded in the history and in a regular basis, Thailand and Malaysia on the other hand have suffered flood problems. In this case, the three companies have utilized CSR to provide both immediate relief and rehabilitation to areas affected by these calamities. Due to the frequency of these occurrences, the companies have allocated calamity funds in order to provide immediate actions. In addition, SCG has also incorporated awareness campaigns to school to prepare them for calamities. In the Philippines, SMC has provided the biggest financial allocation for

the country's CSR history by constructing more than 6,000 houses as a rehabilitation project in areas affected by typhoons.

Volunteerism is one of the oldest forms of CSR in Malaysia, Philippines and Thailand. This is rooted to the belief system and dominant norm and culture of these countries. In the case of the three companies, volunteerism is also used to engage its employees to its community related CSR initiative. Aside from the institutionalized volunteer activities of the companies, the employees have shown initiative of their own as well. This is evident through the fundraising drives that employees initiate when there are calamity affected areas.

Investment on youth is also an area where companies focus their CSR on. For CIMB Group, they nurture the talents of the youth through sports development programs, one of the key focus areas of CIMB Foundation. In Thailand, they focus on the promotion of traditional and contemporary arts, as well as literature. In the Philippines, they enroll out of school youths to practical skills related programs in order to equip them with skills that can leverage their employment opportunities.

Lastly, another notable trend among these three countries is their social partnerships with other NGOs, government, and even with other private sectors. In the Philippines, Rafael Lopa, executive director of PBSP, coins this concept as "*Collective*

Philanthropy”, whereby PBSP serves as the bridge that links the gap between the corporate members and the consortium’s network of non-governmental organizations, as well as funders, including other governments and philanthropist to achieve and implement a common goal and projects. CIMB Group has also something similar through the PINTAR Foundation.

General Sustainability Practices		
General Theme	Practice	Focus Area
Workplace	Employees	<ul style="list-style-type: none"> • Employee Caring • Employee Development • Equal Opportunity
	Operations	<ul style="list-style-type: none"> • Corporate Governance • Health & Safety • Energy & Climate Change • Biodiversity & Ecosystem • Water Management • Waste Management • Supply Chain
Marketplace	Customer Driven	<ul style="list-style-type: none"> • Sustainable Products and Services • Customer Relationship Management • Responsible Marketing • Service Efficiency

Table 8: Sustainability Related CSR Reporting

In a more global approach, CIMB Group and SCG Group include on their reports on the CSR initiatives in line with the marketplace and workplace. Though SMC also does these initiatives in their business operations, their reporting does not highlight it. For the other two companies, their utilization of the GRI-G4 in their reporting, provided them with the reporting system for these initiatives.

These themes do not represent the practice of the entire country. However, through the documentation of the CSR practices of CIMB Group, SMC, and SCG Group, a

picture can be drawn out. These examples provide a picture of how CSR is done and integrated in these countries.

6.4 Development Model of CSR in ASEAN

In the cases presented in this study, it is clear that the approaches and practices vary because of the various factors and motivations, as well as national context, discussed on the thurput section. These approaches, though not conclusive for ASEAN because of the limited number of cases, may inform a possible pattern on how CSR in ASEAN can evolve, as well as its future direction.

The Need-Based Approach of SMC is a product of the limitation of the government to deliver basic services to the people. Thus, with strong presence of civil society in the Philippines, the company, along with other business sectors affiliated with the existing business networks in the country, took the initiative to fill in these gaps. The position of SMC in the global market, less dominant than the presence of the other two cases, put its global compliance to CSR reporting and standards of lesser priority. With these two contending contexts, this approach of CSR by SMC, shows a picture of how CSR is integrated and implemented.

The Company's Global Competitiveness Approach of SCG on the other hand, shows a CSR evolution within the company. Using the stakeholder's theory as a premise, when the company's vision started to penetrate the global market, the stakeholders involved grew bigger as well. As the interest grew bigger, concern and expectation went along. Therefore, it is inevitable for SCG Group to be of par to global standards and regulations to level itself with other big industries. The presence of many multinational companies in the country (Asian Development Bank, 2007) also shaped the changes on the perception and practice of CSR in the country. With these factors, the company had to evolve and integrate global practices to its CSR initiatives. In the case of SCG, it does not however fully abandon its traditional philanthropic efforts because it is well embedded into the culture of the company. Thus, as a Thai company aspiring to be one of the leading cement companies in the global market, SCG Group marries its traditional approach with the global approach.

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And for the case of CIMB Group, the most influential driver for the evolution of CSR in the country is the federal government. Aside from the fact that CIMB Group envisions to be the leading ASEAN universal bank, the country as a whole envisions itself to be an export oriented country in order to achieve its Vision 2020, be a developed country by the year 2020. When the country aspires to be in par with other economic players in the world, Malaysian government recognizes that they have to speak the same language, meaning standards and regulations need to be in

place. The case of Malaysia proves the model of Carroll (1979), where he suggest that for the developed countries, the approach to CSR is shaped by legal compliances, next to economic gains.

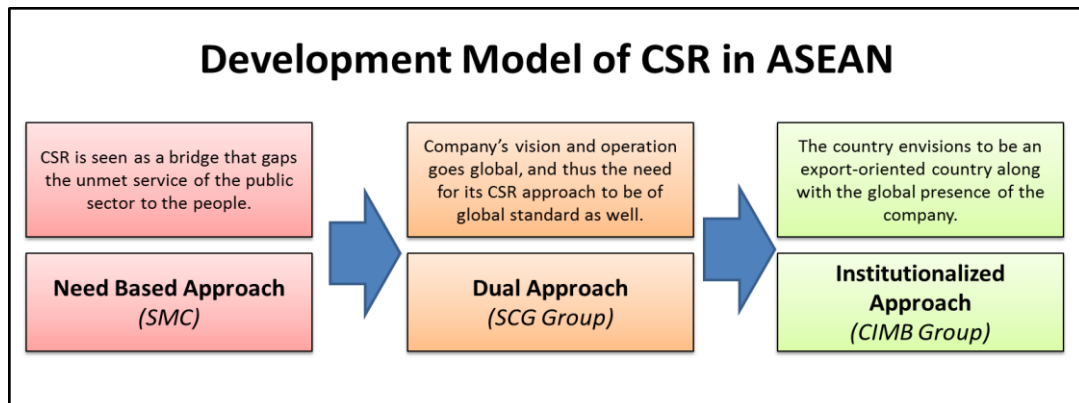


Figure 19: Development Model of CSR in ASEAN

These three models of approaches in CSR can inform the future direction of CSR in ASEAN. As company's operation remains local, the company's global compliance priorities are low. However, as the company changed its goal to join and compete in the global market, global compliance becomes a priority. Structural changes within the company need to be done and the operation needs to be aligned with global standards. And when the country as a whole becomes an export oriented country, global standards and compliance become one of the top most priorities. To ensure that local companies are at the level of an exporter, government places regulations and policies to standardize the operation of its business sectors, so everyone gets to contribute in realizing these economic goals.

Though the basis of this model is only derived from three case studies, the development and evolution of CSR in these three case studies can provide a forecast on the future direction of CSR in ASEAN. It can also provide a more context based understanding on why operations of CSR in these three countries vary, both in the level of degree, approach, and institutionalization.

6.5 Culture in the Heart of CSR in ASEAN

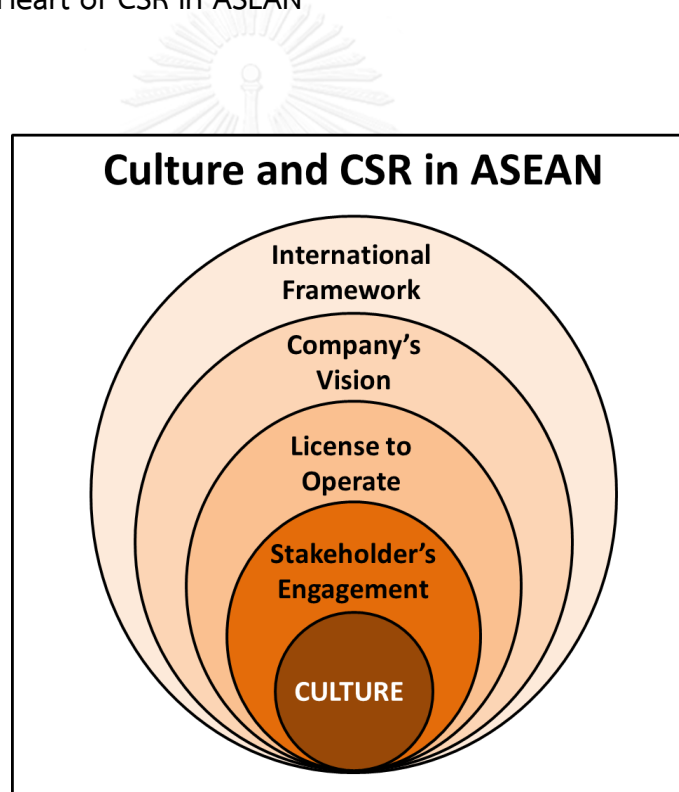


Figure 20: Culture and CSR in ASEAN

In the study of CSR, there are two obvious drivers that affect the direction and practice of the concept, international trends (Rimando, 2012; Sakornratanakul, 2010; ADB, 2007), and the company's vision (Argandona 2011, Prayukvong & Olsen, 2009; Luz, 2000). However, in the case of CSR in ASEAN as represented by the history of

CSR in Malaysia, Philippines, and Thailand, there is a deeper layer that motivates the companies to enact the concept of CSR, even before the terminology became of global trend.

In trying to unravel the motivations of CSR by Southeast Asian companies, that go beyond policy and compliance, it boils down to the cornerstone of CSR in this part of the world, its culture. The next question then is how does culture translated into the CSR practice of the studied cases? Company's vision is motivated by where the company sees itself and its place in the market. Then in order to realize and achieve the vision, it needs to operate and obtain necessary resources for their survival and for their development. An important element, utilitarian legitimacy or also known as license to operate: both in the level of government and of the society {Friedman & Miles, 2006; Clarkson, 1995; Freeman, 1999: Freeman, 1984}, need to be taken into consideration. In order to meet the interests, concerns and expectations of the people who will be affected by the business operation of the company, it engages its stakeholders. Stakeholders' engagement allows companies to plan for the future, minimizing the risks and enhancing opportunities by better understanding the fast-changing political, economic, social, technological and environmental context, which will later enable the company to better understand critics and potentially refute, convince or address criticisms {Jeffery, 2009}.

In the discussion of culture, scholars present culture as being fluid and flexible instead of static and automatically embedded. The acquisition of these collective programming of minds, as {Rao & Walton, 2004} put it, is dynamic and made up of sets of contested attributes that shape and can be shaped by human interaction. And to link it with Bourdieu's habitus, {Schwartz, 1999} sees habitus with the power to shape individual action and constrain perceptions based on an individual's perceptions. Using the Public Policy Pentagon Model along with other models of the public policy process focusing on policy actors' actions and interactions, these policy actors are driven and influenced by their acquired culture both in ideational and integrated and adaptive socio-cultural systems. In this context of how culture comes into play in the policy, the decisions made by the stakeholders on the CSR initiatives are mainly influenced by their acquired culture. With this analysis, the dominant Malaysian, Filipino, and Thai cultures affect the decision making of its stakeholders, as Rayner (1991) puts it; cultures are set of frameworks we use to impose some sort of order and coherence.

In summary, the development and practice of CSR in Malaysia, Philippines and Thailand revolve around the influence of dominant culture, reflected by the actions and decisions of the companies' stakeholders. These decisions are made to gain corporate legitimacy to all of its stakeholders, both financially, and reputational asset. The license to operate will then help the company to achieve its vision. Going

farther, when the vision of the company starts to expand, like in the case of SCG Group, international frameworks come to play.

6.6 CSR Transforms Culture

Culture is presented as fluid, flexible, and dynamic which shape and can be shaped by human interaction {Rao & Walton, 2004}. This supports Coyle and Ellis' (1994) notion that culture affects policy, and policy affects culture. In the analysis that culture affects the CSR initiatives and development in Malaysia, Philippines, and Thailand, based from the three cases of this study, it was identified that cultural norms are translated through the decisions and actions made by the company's stakeholders. This proves that culture affects CSR related policies of the country. However, this study has yet to prove that policy on the other hand affects or transforms culture.

This study, in the section above, has proposed that culture is in the heart of CSR in ASEAN, as seen in the case of CSR evolution in Malaysia, most especially in the Philippines, and Thailand. The national culture is then carried out by the stakeholders in the decision making processes. This then inform the direction, action and policy of the companies. In a reverse manner, how then are national cultures discussed in this study, transformed in the CSR operations of these companies?

Volunteerism, Community development, and sustainable workplace may provide an explanation.

In the Philippines, volunteerism among Filipinos has had a long history deeply embedded in their culture and traditions. However, they do not call it “volunteerism” but they know and do it under many other native names like *Bayanihan* (communal unity and cooperation), *Damayán* (help in need), *Kawanggawa* (charity), or even the broader term “*Tulong*” (help). In the case of Thailand, Buddhist teaching on merit-making becomes a language Thai people understand when it comes to the term volunteerism.

Another example is the promotion of co-existence and social harmony in Malaysia, conflict avoidance and patron-client culture in Thailand, and Christian values on helping neighbors along with the context of the *Malasakit* culture. The fundamental actions that manifest these belief systems are community assistance in general, with construct of the haves providing assistance to the have-nots. However, this culture, through the influence of various external practices, has been transformed into sustainable community development, which today serves as a common key focus area of CSR among the three countries. This supports the argument of {Rao & Walton, 2004} that culture can be shaped by human interaction.

Furthermore, the concept of sustainable workplace may also shed light on this debate. Employee caring is an extension of the close family values among Asian people in general. Companies see their employees as more than just workforces, but instead, they view them as an extension of their family. This Asian values manifested by Thai, Filipinos and Malaysians are then transformed into a more internationally recognized concept of sustainable workforce. We can see in this example that employee caring is integrated among the consciousness of ASEAN business, even without the concept of sustainable workforce, because it is in the core of their psyche as Asians. But, as CSR has evolved internationally and sustainable development was introduced, this core custom is transformed in a more quantifiable approach.

In addition to cultural transformation, as the dominant norm and culture is transformed and is incorporated as corporate values and corporate culture, social awareness on issues surrounding CSR also increases. Because of the efforts from leading companies, such as SMC, SCG, and CIMB Group, in addition to the joint efforts of civil society groups, government, and international community, more and more companies are becoming more aware of issues such as environment, social problems, and education to name a few. Because of the involvement of employees in various CSR efforts of the company, general public are also increasingly becoming more conscious and aware of issues that both directly and indirectly affect them.

These three examples may not be enough to generalize a transformation of culture through CSR in ASEAN, but these examples start the conversation on how CSR transforms culture into a more internationally recognized language, and a more measurable approach. This may explain why in a study of the general perception of CSR in Malaysia conducted by {Lu & Castka, 2009}, the general public seems to think that CSR is another fancy management concept used by Western countries, which might not be suitable for Malaysia. This argument was backed up by Malaysian CSR practitioners by supplementing a supporting argument that Malaysia should have its own standard relevant to the Malaysian environment and culture, so that it will be more easily acceptable by the general public {Lu & Castka, 2009}. The missing link in this argument is that, in the study of CSR in ASEAN, local cultures are just transformed into a “new” concept, which may seem foreign for the ASEAN people. But if these concepts are explained in a more local context, like the study of Thaipat Institute in Thailand, resentments may be reduced.

6.7 The Use of Cultural Context as a Communication Tool

In the literature of economic development and the role of culture, Adam Smith (1776) suggested that each individual are motivated by the pursuit of his own interests, which contributes to the public interest in a system that is self-regulating. These pursuit of own interests however, as he recognizes involved more than just

money making. {Hezel, 2009} is convinced that the intangibles that are collectively known as culture, affects economic development. This is consistent to many case studies done by various scholars in the field {Weber, 1905; Banfield, 1958; Landes, 1998; Chua, 2009}.

In the case of CSR development and practice in ASEAN, through the three companies that have been included in the study, shows compelling evidence that culture is in the heart of its CSR practices. Culture has played a significant role that has propelled companies to do CSR even before the concept was introduced, and in some degree regulated, in this side of the world. Evidences of early practices of CSR in the Malaysia, Philippines, and Thailand have been motivated by cultural drive materialized through stakeholder engagement. These initial culture that have pushed for early practice of CSR has later on been transformed into a bigger materiality, such as the concept of sustainable community development, volunteerism and sustainable workplace.

In line with this context, culture can serve as a language that can localize international concepts of sustainable social and economic development. This study supports the idea that culture influence the decision making of policy makers and stakeholders, therefore, if sustainable developments are understood in the local context, acceptance and alignment becomes easier. For example, hypothetically, the

basis for sustainable workplace revolves around the idea of human rights, labor rights and various international concepts, the general population might resist and would feel that it is a Western-concept trying to be imposed in this part of the world, like in some cases of CSR related studies in Malaysia.⁵⁸ But when workplace is translated as strong family ties and family values, acceptance of the concept becomes familiar.

This is similar to the case of the Philippines. There is no direct translation for volunteerism in the Filipino language, but the idea is similar to the long tradition of Bayanihan in the Filipino context. Businesses-doing good becomes innate for Thailand because of the influence of merit-making in Buddhism.

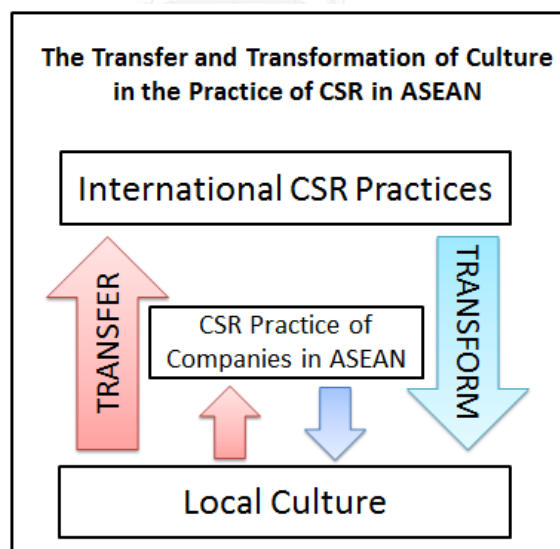


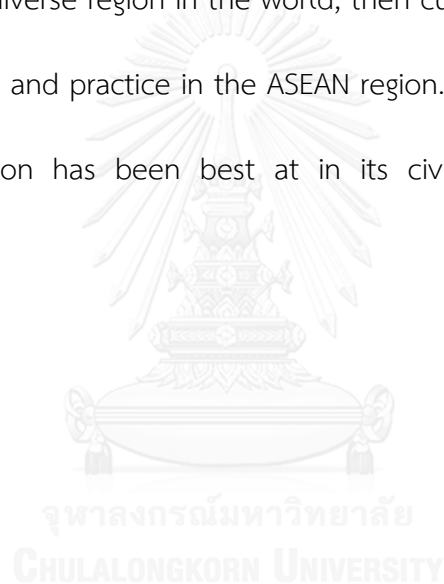
Figure 21: The Transfer and Transformation of Culture in the Practice of CSR in ASEAN

⁵⁸ Lu and Castka (2009), and have found out that general public seems to think that CSR is just another fancy management concept used by the Western countries, which might not be suitable for Malaysia.

{McCann & Ward, 2012} suggest that policies are transformed or transferred to meet the needs and objectives of institutions. However, {Daniell, 2014} argues that such transfers are by no means always desired or implementable, due to a range of socio-political, economic, geographical and cultural differences that exists between jurisdictions. However, when these policies are transformed in such a way the local contexts and culture are taken into consideration, it becomes more acceptable for the local.

Therefore, this study contends that in the CSR practice in ASEAN, culture is in the centrality. The evolution of CSR in Malaysia, Philippines and Thailand shows that the national cultures are transferred how they traditionally conduct their CSR. But when the practice has been exposed to other best practices, through interaction with global markets and trends, the transferred cultures are transformed back to the national context, incorporating the best practices globally. And when these best practices are incorporated, eventually companies become more globally competitive, taking SCG Group as an example. And all together, if businesses are global oriented, national policies come in, like in the case of Malaysia. This demonstrates Adam Smith's claim, cited in {Hezel, 2009}, that individual interest contributes to the public interest in a system that is self-regulating.

Therefore, putting culture at the center of discussion, this study believes that while best practices of CSR globally and even locally can answer the question, “how can we do our CSR in a sustainable manner that can lead to socio-cultural development in the region”, culture on the other hand becomes the language that answers the question “why should we even bother to do CSR?”. If the motivation is clear and understood taking into consideration the belief system and traditions, altogether the culture of the most diverse region in the world, then culture can serve as a language for CSR development and practice in the ASEAN region. This demonstrates what the Southeast Asian region has been best at in its civilization history, and that is localization.



Chapter VII

Summary, Conclusions and Recommendations

7.1 Summary and Conclusions

Corporate Social Responsibility needs to be clearly understood under the premise that though the general concept is universally understood, it does not have any universal approach. The development, operations, integration, and reporting of company's initiatives are driven by many factors. In the cases of the CSR development in ASEAN through the cases of Malaysia, Philippines, and Thailand, the evolution and the practice are affected and motivated by factors: (i) global influences, (ii) government and the country's economy, (iii) presence and the degree of influence of the civil society, (iv) company's vision, global presence, and the nature of industry, (v) and lastly the cultural norms dominant in the country. These factors affect the level of performance and the commitment of companies.

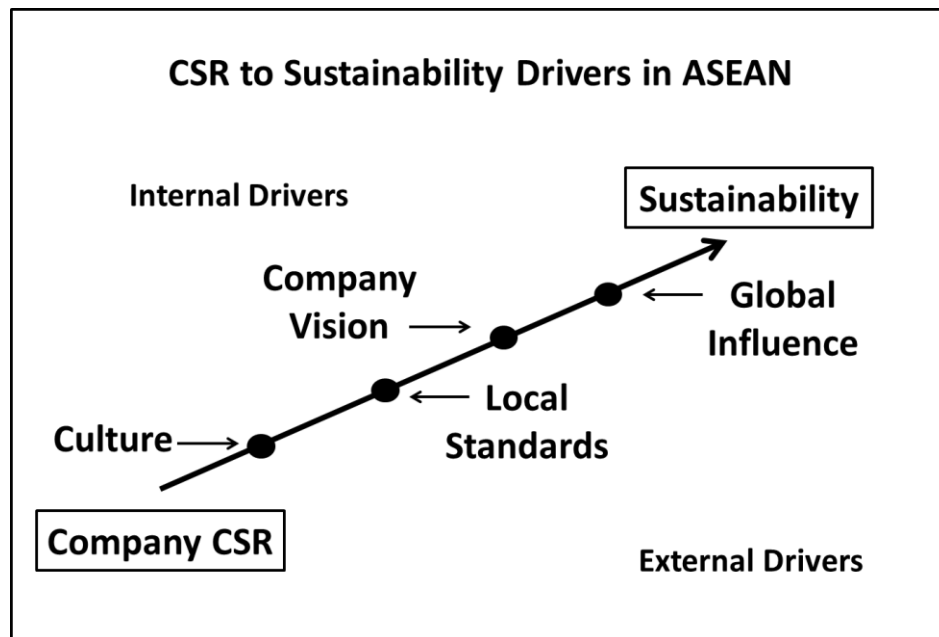


Figure 22: CSR to Sustainability Drivers in ASEAN

The three companies in this study, CIMB Group, San Miguel Corporation, and Siam Cement Group, provide evolutionary phases on how CSR is internalized, integrated, and operated by Southeast Asian Companies. SMC's **Need-Based Approach** provides a picture of how CSR is operated in a country where there is a need to gap the unmet public services by the government. It also provides a picture of the degree of CSR reporting and its internationalization of companies that operates in the national market. On the other hand, SGC Group's **Company's Global Competitiveness Approach**, provides a narrative on how the change of vision and the expansion of operation influenced the need for the company to adapt to the global market, by integrating practices of par with global standards and regulations. In the process of transition, it carries two sides of CSR initiatives, the traditional one and the global compliance-based one. This is in recognition that SCG, as a Thai company, needs to

serve two communities: local and international. CIMB Group's **Institutionalized Approach**, represents the practice of CSR in an export-oriented country. This also supports the model of {Carroll ,1979} that for developed countries, the approach to CSR is shaped by legal compliances, next to economic gains. This is because of the motivation to be of par with the global market, where the Malaysian businesses aim to penetrate. The models of these three companies can serve as a guide that can show the future direction of CSR in the ASEAN region and can provide cases that showcase the differences of CSR operation and perception in ASEAN.

With regards to the theme of focus areas where the three companies concentrate their CSR initiatives on, common themes include (i) philanthropy, (ii) community development, (iii) environment, (iv) education, (v) natural disaster and relief, (vi) volunteerism, (vii) youth, and (viii) social partnerships. The degree of concentration for these broad themes is influenced by the context of the community, the nature of business, and the vision of the company. In addition to these themes, the compliance to GRI-G4 of CIMB Group and SCG Group, has provided a more systematic approach to CSR. In this context, in their reporting, emphasis was focused on marketplace and the workplace. In a CSR regulated country like Malaysia, focus areas are determined by the regulating institution (Bursa Malaysia), under its CSR Framework. However, CIMB extends its CSR drives to a regional focus, which can be

attributed to the company's vision to be the leading universal bank in the ASEAN region.

Furthermore, to answer the problem stated in this study on the role of culture and its dynamics of CSR practice in ASEAN, this study contends that it is in the heart of the CSR operation in the region. Culture and norms influence the decisions of the policymakers and the stakeholder thus shape the direction and operation of CSR in this side of the world. However, through globalization and the expansion of company's vision to become more globally competitive, the culture originally transferred through its CSR practices before the global trend and institutionalization of the concept began, are transformed when the company starts to engage with the global market. The adaptation process and the integration of global practices, developed and evolved the traditional way to doing CSR to meet with global standards. The transformation process is also a very crucial part in the CSR evolution of individual countries, because it has to marry both global and local interests, concerns, and expectations of its stakeholders. When international practices and trends are integrated into the local context, it needs to be done in a language that local stakeholders understand, and culture can serve as an influential medium. This provides an answer to the problem on the dynamics of the transfer and transformation of culture, from the local context to corporate culture influenced by global contexts.

In the ASEAN level, CSR is encouraged. However, there are no concrete mechanisms on the policy level on how to do so. This study believes that the regional body is not yet in the position to provide guidelines to the CSR practice in the region. Some countries, like the Philippines, even rejects the idea of a national CSR legislation that will regulate the country, this is not the same in the case of Malaysia. ASEAN then, is in the best position to provide key information on various CSR practices, taking into consideration the local context and culture of each individual member state. This study believes that a comprehensive CSR framework, as comprehensive as Malaysia's CSR Framework, is a far fetch at this point, given the differences in government commitment in each member state, degree of global presence and orientation of Southeast Asian companies, as well as the differences in context and perception of CSR. Should ASEAN push for a comprehensive framework, it needs to be adaptable that takes into consideration the differences of interests, concerns and expectations of various stakeholders in the region. Furthermore, a framework that allows room for localization and transformation to fit the needs and context of each member state.

In final conclusion, this study affirms its hypothesis that culture drives the operation of CSR in Malaysia, Philippines, and Thailand, which is more obvious with the absence of regulations and policies. This study also concludes that in the motivation and in the actual practice of CSR in these three countries, culture is in its heart, materialized and translated through stakeholder's engagement. This also study

provides three case studies that support Coyle and Ellis' (1994) theory that culture affects policy and policy affects culture. The transfer of national cultures in the early conceptualization of CSR in ASEAN and the transformation of these cultures with the influence of integration of the global practices give a concrete evidence proving this point. And lastly, the lack of a concrete ASEAN CSR Framework is a reflection of the realities and understanding that the evolution, degree, and practice in this region, influenced by differences in economic level and presence of export-oriented industries, vary in a various degrees. Therefore, it is best for ASEAN to provide policies that would encourage the practice of ASEAN but not impose on the measures and approaches, taking into consideration the differences in local culture and local perception and practice of CSR in each ASEAN member states.

7.2 Recommendations

Based on the findings of this study, the research offers the following recommendations:

- The limitation of this study is the number of companies included. Though it has provided a model that may capture the evolution phases of CSR in ASEAN, a more inclusive research can provide a more regional landscape taking into consideration the nature of the industry, scale of its operation and

government regulation in other ASEAN countries. The researcher then suggests further research study be conducted on more companies, which started as a local player then has emerged or envision itself to be a global player. This will verify if the Need-Based Approach to **Company's Global Competitiveness Approach** is really a model that can explain the stages of CSR practice in a country.

- In the general reporting as well as the indexes that measure the impact and affectivity of company's CSR initiatives, standards should take into consideration the drivers and motivators of CSR, as discussed in this study: the government and economy of the country, nature of industry, and the vision of the corporation. This can inform a more holistic understanding and explanation why companies in Southeast Asia do their CSR differently. It can then provide a more culturally-inclusive information that may affect the decisions of possible investors.
- There is also a need to conduct further research in the field of CSR in ASEAN moving the temporality and centrality away from the developed countries' idea of CSR and putting a more culturally-inclusive centered approach.

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APPENDIX

จุฬาลงกรณ์มหาวิทยาลัย
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VITA

Guill Marc Daus Mariano was born in Isabela, a province in the north of the Philippines. in 1992. He graduated Cum Laude in 2012 from De La Salle-College of Saint Benilde in Manila, with a Bachelor of Arts Degree in Consular and Diplomatic Affairs. Right after his graduation, he served as Junior Program Officer for the ASEAN University Network in Bangkok, Thailand. After serving for 2 years, he received International Graduate Students in ASEAN Countries Scholarship Grant to enroll Masters Program in Southeast Asian Studies at Chulalongkorn University. His research interest is mainly on the influence of culture in policy making process.

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