

THE CONSTRUCTION OF CORPORATE SOCIAL RESPONSIBILITY THROUGH PRODUCTIVELY ORGANIZATIONAL STRUCTURES : A CASE STUDY IN THAI SMEs

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ABSTRACT

The challenge of corporate social responsibility (CSR) is the devise of the organizational structure for SMEs. The objective of this article is to discover the components of organizational structure for corporate social responsibility of small and medium-sized business organizations in Thailand. The researchers have applied a qualitative research method, in the documentary research and an in-depth interview, including the 30 key-informants who won Thailand SMEs Awards. The finding of this research found that the components of organizational structure for corporate social responsibility of small and medium-sized business organizations in Thailand which are the strategic factors and the social responsibility policy, corporate social responsibility activities, driving force factors for the organizations to implement the social responsibility concept and the factors of problems/ obstacles in the operations of social responsibility. The results of this research will be beneficial to small and medium-sized business organizations, academic and government in Thailand in applying for guidelines for organizing corporate social responsibility structures in order to develop and improve the business operations of the organization to be more efficient and creating sustainability for the business.

Keywords: Organizational Structure, Corporate Social Responsibility, SMEs, Thailand.

INTRODUCTION

From the decade, most business organizations focus on profit, economic wealth and competitive advantage in order to maximize the return according to the principles of maximize profit and minimum cost which is a business concept in the past. Nevertheless, current business operations cannot be separated from society (Ho et al., 2019). Business organizations are considered a part of society which cannot be operated solely for profit by ignoring other members of the society. Business organizations must try to have the least impact, respect the law, and strictly abide by the standards set by the government (Sani et al., 2018). Besides, there should be social and environmental development while running business (Corporate Social Responsibility: CSR). The global driving of corporate social responsibility has created a huge trend, including Thailand and Southeast Asian countries substantial organizations that need to be developed in order to survive sustainably (Srisuphaolarn, 2013; Kamkankaew et al., 2017). Most corporate social responsibility operations are carried out through activities such as winter equipment giveaways, scholarships, participating in an anti-drug campaign for the community development and repair of roads or public places, etc (Lukianova et al., 2014).

However, the driving force in the organization to implement CSR concepts is driven mainly by internal motivation, domestic society and foreign countries (Rendtorff & Rendtorff, 2019). The causes that the organizations implement CSR concepts are from an awareness of corporate executives or benefit perception of CSR operations, the need to improve the reputation, image and brand of the organization, the driving force of society (Manzoor et al., 2019), customer and civil society which is an essential factor for some organizations to take action on CSR (Amodu, 2018). Because at this present moment, it is an era of information that lets people know who does what. Customers may overlook organizations that are not interested in CSR. Social wave is, therefore, the force for organizations to be interested in helping society (McWilliams & Siegel, 2001). Also, the government support makes organizations are more motivated to do CSR and the driving force from outside the country (Manzoor et al., 2019). Although there is not much influential but it is likely to be a more influential factor in the future and driven by international organizations such as the United Nations that call on businesses to show good global citizenship with respect to human rights rules, labor standards and the environment which called the Global Compact or The UN Global Compact, etc. (Lenssen et al., 2008; Lenssen et al., 2009).

Also, executives of small and medium-sized business organizations in Thailand still lack the understanding of the benefits of CSR, and some are looking at CSR from a cost conceptual framework and short-term benefits (Erhemjamts et al., 2013). Paying attention to CSR only for perceiving how it can help the organization to benefit in terms of increasing profits or sales (McWilliams & Siegel, 2001). In case that the performance of the organizations does not meet the target, the budget that is cut first is the budget for the CSR project (McWilliams & Siegel, 2001). CSR operation in many organizations are included as part of public relations or marketing parts instead of having a division in the organization that is responsible directly (Manzoor et al., 2019). That brought to be inaccessible and cannot meet the needs of the community. In many organizations, CSR operations are driven by chief executives who are just giving directions on exciting issues. However, these things are not from an analysis of the needs of the community or target group. Therefore, the CSR operators of the organization are unable to allocate budgets to the community. Other significant obstacles are customers, employees, and the government sector that does not provide serious support (Lenssen et al., 2008; Lukianova et al., 2014).

This article aims to find the components of organizational structure for corporate social responsibility of small and medium-sized business organizations in Thailand. The results of this research are beneficial to small and medium-sized business organizations in Thailand to be able to apply appropriate guidelines for organizing corporate social responsibility structures in order to develop and improve the business operations of the organization to be more efficient and creating sustainability for the business. Stakeholders inside and outside the small and medium-sized business organizations in Thailand will receive the maximum benefit from operating corporate social responsibility activities. The government sector can use the guidelines for the organizational structure of corporate social responsibility to set as a standard for corporate social responsibility operations of small and medium-sized business organizations in Thailand.

RESEARCH METHODOLOGY

This research is a qualitative research by documentary research and in-depth interview. With documentary research, the researcher studied reports and academic articles which are: (1) Business and environment development report. (2) Annual report of government agencies that support small and medium-sized business organizations in Thailand. (3) Corporate social

responsibility report of the stock exchange of Thailand business organizations. (4) Academic journals related to corporate social responsibility and (5) Related research in both domestic and abroad to analyze the content and bring the data to be used in the research. For In-depth interview, after document analysis, the researcher conducted in-person interviews with 30 key informants that are entrepreneurs of small and medium-sized business organizations in Thailand who won SMEs Awards, representatives from government agencies that support small and medium-sized business organizations in Thailand and scholars who study corporate social responsibility.

RESULTS

Main essential components of organizational structure for corporate social responsibility of small and medium-sized business organizations in Thailand include;

First Component: The strategic factors and the social responsibility policy, namely the formulation of the corporate social responsibility strategy which is to define the strategy that is consistent with the environment, formulate and convey corporate social responsibility strategy, follow the corporate social responsibility strategy and formulate social responsibility policy. It is the formulation of quality of life policy and economic policy that is a critical component of organizational structure for corporate social responsibility of small and medium-sized business organizations in Thailand.

Second Component: Corporate social responsibility activities of small and medium-sized business organizations in Thailand, namely 1) Corporate social responsibility activities operations, including quality of life activities, economic activities, environmental activities and occupational health and safety activities. 2) Corporate social responsibility activities outside the organization which are quality of life and social activities, community economic activities, environmental activities, educational activities and occupational health and community safety activities. 3) Continuity in operations inside the organization, including continuity in health and life, continuity of economic operations, continuity of work environment and continuity in occupational health and safety in production. 4) Continuity in operations outside the organization, including continuity of quality of life in community and society, continuity of community economic operations, continuity in environmental operations, continuity in educational operations and continuity in occupational health and safety in community and society. 5) The organizational structure activities which are the organizational structure management that has an operation department on social responsibility, organizational structure management that specifies the authority and administration of social responsibility, documentation and communication about organizational structure for social responsibility and budget allocation for social responsibility operations. 6) Executives activities operations include an understanding of the social responsibility of the executives, the drive-in social responsibility of executives, understanding of the benefits of social responsibility of executives, visiting the social responsibility departments by executives, supporting social responsibility departments by executives and monitoring and evaluating the corporate social responsibility departments by executives. 7) The activities operations by operators which are the clear communication about social responsibility work in order to understand in the same direction, having permanent employees perform in social responsibility sector and having skilled staffs perform in social responsibility sector.

Third Component: Driving force factors for the organizations to implement the social responsibility concept, namely 1) Driving force from outside the organizations which is communities around small and medium-sized business organizations in Thailand, industrial works act 1992, laws and regulations of the department of Industrial works, industrial standards (ISO 14001, OHSAS 18001), international social responsibility standards (UN Global Compact, ISO 26000, GRI). 2) Internal driving force includes reducing business risks, the needs to improve reputation, image, brand, executives, revenue/ profits of the company, production process and staffs.

Fourth Component: The factors of problems or obstacles in the operations of social responsibility which are the problems or obstacles in the organizational structure. The problems or obstacles in the operations of social responsibility are the factors of corporate social responsibility activities operations.

DISCUSSION

The composition of the organizational structure for corporate social responsibility of small and medium-sized business organizations in Thailand depends on the factors of problems/ obstacles in operation regarding social responsibility. It is shown that business organizations formulate corporate social responsibility strategies and policies to be consistent with the problems/ obstacles in the operation regarding social responsibility including problems/ obstacles in organizational structure and problems/ obstacles in corporate social responsibility which are consistent with Sani et al. (2018) who presented the concept of organizational performance measurement called McKinsey 7-S framework. Corporate social responsibility activities operations depend on the strategic factors and social responsibility policy, factors of problems/ obstacles in social responsibility operations and the driving factors for the organization regarding social responsibility (Lukianova et al., 2014). It is shown that business organizations carry out corporate social responsibility activities under the framework of strategy and social responsibility policy which must formulate strategy and policy following the problems/ obstacles in the operations and internal and external driving force for the organizations regarding social responsibility. It is in line with the concepts of Lukianova et al. (2014) said that the application of the theories, values, strategies and behavioural science techniques for planning in operation changes with the aim of promoting staffs' development and improving operations of the organization is made through changes in the work behaviour of the employees in the organization. Likewise et al. (2013) found that using behavioural science to plan on the development by adding more power to the strategy. It is to strengthen the organizational structure and improve the organization's work performance systematically for increased effectiveness which is corresponding Ho et al. (2019) found that the driving force in CSR operations of organizations is personal values, liking and preferences. Next is a product quality and customer need.

Besides, the appropriate organizational structure management for corporate social responsibility of the petroleum refining business depends on the strategic factors and the social responsibility policy and factors related to the corporate social responsibility activities operations. It is shown that, for the appropriate organizational structure management for corporate social responsibility of the petroleum refining business, business organizations must consider strategic factors and social responsibility policies and factors of corporate social responsibility activities operations in accordance with Srisuphaolarn (2013) who studied the application of ethical governance principles in the political regime in 4 ASEAN countries,

namely Philippines, Thailand, Malaysia and Indonesia. It is found that good governance is used for political strategy and policy purposes which are in line with Kamkankaew, Thanitbenjasith & Sribenjachote (2017) researched on corporate social responsibility in Thai business organizations; found that corporate social responsibility is related to corporate governance and stakeholder participation. It is the most essential indicator indicating the corporate governance of the organization and affecting the organization in both the policy level and operational methods.

RECOMMENDATION

From this research, it found that four important factors are important components in the organizational structure of social responsibility. Therefore, the researcher recommends four important factors for organizational structure management of corporate social responsibility of small and medium-sized business organizations in Thailand and when an oil refining business organizations would like to manage an appropriate organizational structure of corporate social responsibility, should take into account the following important factors:

1. Strategy factors and social responsibility policies. Business organizations should define strategies following situations and environments, establish and convey corporate social responsibility strategies, have implemented the corporate social responsibility strategies and formulate a policy regarding social responsibility. It is including policy formulation of quality of life policy and economic policy which will be an important component for the appropriate organizational structure management of corporate social responsibility of the petroleum refining business, etc.

2. Corporate social responsibility activities operations. Business organizations should specify various activities that are appropriate for the organizations or the departments of social responsibility. There are activities (1) internal corporate social responsibility activities, including quality of life activities, economic activities, environmental activities and occupational health and safety activities. (2) External corporate social responsibility activities which are quality of life and social activities, community economic activities around the refinery, environmental activities and educational activities. (3) There is continuity in occupational health and community safety activities operations within the organization, including continuity in health and life, continuity of economic operations, continuity of work environment and continuity in occupational health and safety in production. (4) Continuity in operations outside the organization, including continuity of quality of life in community and society, continuity of community economic operations, continuity in environmental operations, continuity in educational operations and continuity in occupational health and safety in community and society. (5) The organizational structure activities which are the organizational structure management that has an operation department on social responsibility, organizational structure management that specifies the authority and administration of social responsibility, documentation and communication about organizational structure for social responsibility and budget allocation for social responsibility operations. (6) Executives activities of the operations include understanding of the social responsibility by executives. The driving of social responsibility by executives have to make understanding the benefits of social responsibility. The executives could be visiting the social responsibility departments in the organization. Also, the executives should be supporting the social responsibility departments by monitoring and evaluating the corporate social responsibility departments and (7) the activities operations by operators must to make the clear communication about social responsibility work in order to

understand in the same direction, having permanent employees perform in social responsibility sector and having skilled staffs perform in social responsibility sector, etc.

3. Driving force factors for organizations to implement the social responsibility concept. Business organizations should take into account the driving force for the organizations to implement the concept of social responsibility, consisting of 1) Driving force from outside the organizations which are communities around small and medium-sized business organizations in Thailand, industrial works act 1992, laws and regulations of the department of Industrial works, industrial standards (ISO 14001, OHSAS 18001), international social responsibility standards (UN Global Compact, ISO 26000, GRI) and 2) Internal driving force includes reducing business risks, the needs to improve reputation, image, brand, executives, revenue/ profits of the company, production process and staffs in order to appropriately cover responsibility operations. (3) Corporate social responsibility operations in various areas of the organization, including internal corporate social responsibility operations such as labour management, production process, activities operations of environment, quality of life development, occupational health and safety. External corporate social responsibility operations which are environmental activities, activities that support the communities around the refinery to be knowledgeable and readiness in an emergency, in terms of quality of life that promoted to have good health and strong mind. In education, there is learning support for youth and providing educational opportunities as well as sports, religion and culture activities etc. and

4. The factors of problems/ obstacles in the operations of social responsibility. Business organizations should take into account the problems/ obstacles in the organizational structure and the problems/ obstacles that may arise from the implementation of social responsibility and factors of the corporate social responsibility activities operations.

LIMITATION

This article followed a quantitative research method with collected the data from 30 key-informants who won Thailand SMEs Awards. Beside, the result shown that the best practices forms Thai SMEs and could not to utilize the generalization.

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