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Benefits of Implementing CSR Practices:
A case study of Siam Cement Group

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Karlstad University, November 2010

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ABSTRACT

SCG is a group of companies in Thailand and was established almost a century ago. The company was the first cement producer in Thailand. SCG started with the cement industrial company and relatively grew year by year and became the largest cement producer in Thailand. Since then the business expanded into paper, chemical, building material and logistic market. Currently, SCG approximately have 24,000 employees across Thailand with 200 companies under 5 business groups which marketed itself at both domestic and international level. In the past, there were several economic and financial crises’ that led the business to close down. CSR has been introduced to overcome the problem by gaining the trust of all stakeholders to achieve long-term sustainability.

The concept of sustainability, the company is mainly focusing on the triple bottom line that depends on three major factors; environment, social and economy. This was part of a practical case that occurred in SCG Thailand. Moreover SCG has extended their business strategies to meet all aspects according to the triple bottom line concept in order to reduce risk and increase the company’s reputation. Implementation of CSR in the corporation is considered on how the CSR communication and understanding towards all stakeholder, to gain the collaborations between the organization and the social implementation of CSR through the same direction.

Moreover, we have analyzed the case study of SCG by the Modified Business Excellence Model for organizations. Modification of Business Excellence Model is increasing the requirement that integrate social, ethical and ecological aspects which we believe it is suitable to use for the analysis of SCG’s sustainable development. The strategic management level et the strategic plan, then developed into the system, process management, process control and information system which monitor together with process, individual excellence, organization excellence and societal excellence as the result of customer satisfaction, economic result, environmental result, result from personal excellence as well as result from society excellence. As in the analysis part we are going to discuss about this model.
Abbreviations

ASEAN - Association of Southeast Asian Nations
CSR - Corporate Social Responsibility
GRI-G3 - Third Generation of the GRI’s Sustainability Reporting Guidelines
ICLEL - Local Governments for Sustainability
ISO - International Organization for Standardization
NGO - Non-Governmental Organization
OECD - Organization for Economic Co-operation and Development
SCG - Siam Cement Group
TBL - Triple Bottom Line
TRM - Total Responsibility Management
UN - United Nations
UNCTAD - United Nations Conference on Trade and Development
UNEF - United Nations Emergency Force
WCED - World Commission on Environment and Development
Table of Contents

Acknowledgement ........................................................................................................... II
ABSTRACT ..................................................................................................................... III
Abbreviations .................................................................................................................. IV
Table of Contents .......................................................................................................... 1
Chapter 1: Introduction .................................................................................................. 4
  1.1 Research Background and Motivation .................................................................... 4
  1.2 Siam Cement Group Company (SCG) Profile ....................................................... 5
  1.3 Problem .................................................................................................................... 6
  1.4 Research Purpose and Aim ..................................................................................... 6
  1.5 Limitation of research ............................................................................................. 7
Chapter 2: Methodology ................................................................................................. 8
  2.1 Scientific Approach ............................................................................................... 8
    2.1.1 Deduction and Induction .................................................................................. 8
    2.1.2 Qualitative and Quantitative Method ................................................................ 8
    2.1.3 Case Study Method ....................................................................................... 10
  2.2 Research Design .................................................................................................... 10
  2.3 The Gathering of Data. ........................................................................................ 10
      Secondary Data ....................................................................................................... 10
  2.4 Analyzing the Data .............................................................................................. 11
  2.5 Reliability .............................................................................................................. 11
Chapter 3: Theoretical Framework ............................................................................... 12
  3.1 Sustainable Development ..................................................................................... 12
    3.1.1 Triple Bottom Line (TBL) ............................................................................... 12
    3.1.2 Modified Business Excellence Model ............................................................. 14
  3.2 Definitions of CSR ............................................................................................... 16
    3.2.1 CSR Pyramid .................................................................................................. 16
    3.2.2 Implementation of CSR .................................................................................. 18
  3.3 Stakeholder Theory ............................................................................................... 23
  3.4 CSR and Risk Management .................................................................................. 24
3.5 CSR and Corporate Image ........................................................................................................25

Chapter 4 Empirical Results, Findings and Analysis .................................................................26

4.1 General Information about SCG ............................................................................................26

4.1.1 Business Lines and Products ..........................................................................................26

4.3 Sustainable Development Management of SCG ..............................................................28

4.4 Implementation of Sustainable Development ......................................................................29

4.4.1 Risk Mitigation .................................................................................................................31

4.4.2 Operational Excellence .....................................................................................................32

4.4.3 Business Opportunity Creation .......................................................................................32

4.5 Stakeholder Engagement .....................................................................................................33

4.6 Triple Bottom Lines ..............................................................................................................35

4.6.1 SCG and Environment Dimension ...................................................................................35

4.6.2 SCG and Economic Dimension .......................................................................................40

4.6.3 SCG and Social Dimension ...............................................................................................41

4.7 Secondary data-Published Articles concerning CSR in Thailand .......................................44

4.8 Analysis ................................................................................................................................46

4.8.1 Modified Business Excellence Model ...............................................................................46

4.8.2 Stakeholder Theory ..........................................................................................................51

4.8.3 Implementation of CSR and its benefits ........................................................................52

4.9 Discussion ..............................................................................................................................54

4.10 Conclusion ............................................................................................................................55

4.11 Further Study ........................................................................................................................57

References ....................................................................................................................................58
Figures

Figure 1: Triple Bottom Line 13
Figure 2: The 12 criteria of the proposed sustainable development model for organizations 15
Figure 3: The Pyramid of Corporate Social Responsibility 17
Figure 4: Implementation of CSR framework development 22
Figure 5: SCR and Stakeholder 24
Figure 6: Sustainable Development Committee 29
Figure 7: Sustainable Development Approach 30
Figure 8: Significant of economic, environmental and social impacts 31
Figure 9: SCG’s Stakeholders 51

Tables

Table 1: Differences between qualitative and quantitative method 9
Table 2: Satisfaction on Corporate image by Target Group 27
Table 3: SCG stakeholder engagement 33
Table 4: SCG’s CSR Strategies 53
Chapter 1: Introduction

1.1 Research Background and Motivation

Today businesses are facing high competition which many firms want to perceive as best quality or valuable in customer perception. Moreover, the number of multinational companies has been increasing each year and it demanded a higher responsibility for social, environmental and economic. As the result, the influence of Sustainable Development is growing and accepted from all people. Moreover, due to the environmental issue, many researchers are concerning about environment that many natural resources can be run out if we do not use it wisely. Therefore, Corporate Social Responsibility (CSR) as part of obtaining sustainability refers as the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen, 1953)

As we have studied, most of our courses cornered about Corporate Social Responsibility (CSR) and Sustainable Development. Indeed, we were not aware of this phenomenon before we came to study in Sweden. Moreover, in Sweden it seems to be that CSR and Sustainable Development is highly concerned by many successful companies such as IKEA and H&M. Moreover, we surprisingly noticed that in Thailand this concept is not being aware of and only few companies have implemented CSR. Due to this phenomenon, we would like to conduct our research regarding to this areas. In addition, we have decided to focus our thesis on the “Implementation of CSR lead to Sustainable Development as a case study of Siam Cement Group” for the better understanding of the implementation and how it affects the organization as the whole. Moreover, SCG is one of the role model in developing CSR activities in Thailand which this is one of the reasons we have chosen to do case study of SCG. Also, it ranked 14th out of analyzed 200 companies enlisted in CSR Asia’s Asian Sustainability Rating 2009 (The Nation Business, 2009)

CSR emphasizes the concern of corporate action and accomplishment in the social sphere. with a performance perspective, it is clear that firms must formulate and implement social goals and programs as well as integrate ethic sensitivity into decision making , policies, and actions”(Carrol,1991). As in the present time, CSR turns people’s attention to be the perception of the corporate engagement, in terms of how well corporate is able to engage with stakeholders,
rather than to assessments of individual CSR activities. Whereas CSR is about the extent to which a company is prepared to examine and improve its impact on all affected by its activities and view its s long term reputation with the context of the social and ecological sustainability of its operations (Frankental, 2001).

In additional this report is concentrated on the benefits of doing CSR activities as well as sustainable development. Moreover, the main idea is to achieve economic and social development in the ways not to harm the natural resources. It comes with the basic thing in order to reduce the usage of resources as well as to maintain the ecosystems and equity in long run for coming generation (Laszlo, 2003). Whereas developing economy together with maintaining environment at the same time.

1.2 Siam Cement Group Company (SCG) Profile

The Siam Cement Public Company Limited was established by the Royal Decree of His Majesty the King VI in 1913, nearly 100 years ago, to eliminate reliance on import of cement and maximize the use of natural resources available in Thailand. The company was the first cement producer in Thailand. Since its founding, Siam Cement has diversified, under the name of Siam Cement Group (SCG) to serve the market demand. Due to their diversification, SCG is now expanding into 5 core businesses in chemicals, paper, cement, building materials and distribution. SCG is highly focused on human resource development and promoting innovation to meet customer expectation. Currently, SCG approximately has 24,000 employees across Thailand with 200 companies under 5 business groups which marketed at both domestic and export to around the world.

In the year 2008 SET (Stock Exchange of Thailand) awarded to SCG as a listed company for excellence in corporate governance, and corporate social and environmental responsibilities. As well as being the first rank of Best Corporate Governance and Most Committed to a Strong Dividend Policy. More than that CSG is the number one ranking of Thailand and number six ranking of Asia as the leadership in CSR disclosure from CSR Asia. Year by year the company has been awarded and achieved many standard certification by top level organizations as the result of implementing good corporate governance and CSR, SCG gaining the reputation from most of Thai companies as well as international perspective.
1.3 Problem

As we described in the background that the implementation of sustainable development and CSR concepts are quite new in Thailand and only few companies implement these concepts. However, many European countries have implemented this concept for many years and most of the companies are successful in doing so, such as H&M, IKEA and Starbucks. There is strong evidence that many consumers value CSR attributes and a growing number of companies have incorporate sustainable development into their strategies and policies (Mcwilliams, 2001).

Indeed, researchers agreed that sustainable development and CSR has benefited companies such as improved financial performance, reduced cost, increase innovation and good relationship with stakeholders (Comfort et al, 2006). However, Berger, Cunningham and Drumwright (2007) argue that CSR is too expensive to implement and it takes time to see the result and there is a difference in implementing of different industry.

1.4 Research Purpose and Aim

This research attempts to study the role of value and activities of CSR by analyzing the case study of SCG at which the group of company that provided many business lines such as Chemical, Distribution, Paper, Building material, and Cement. By this paper, we attempts to focus on overall company as a whole picture which would be easy to understand the concept and how the organization communicated and implemented CSR, in order to generate the benefits toward internal and external organization. SCG is a good example of implemented CSR in Thailand, among many organizations that succeeded in developing CSR in South East Asia region.

This report gives the attention to SCG in which this organization persuades us to focus on the developing CSR that aim “to understand the implementation of Corporate Social Responsibility (CSR) in the case study of SCG as part of their business policies and strategies”.

Our study focuses on the case study of Siam Cement Group (SCG) in order to investigate the company and overall factors that affected with how SCG implemented CSR that lead to business sustainable. Therefore this report would answer the question as following:

- What factors affect SCG’s implementation of CSR activities?
- How CSR activities create business development?
- What are the benefits gained by implementing CSR activities?

1.5 Limitation of research

One of our limitations is that we have difficulty because this research topic is quite new for us which required the time to understand the concept and to look deep into the implementation method of CSR. Also, Thai people have less knowledge and awareness toward CSR. As the result, we could not get deep information from Thai people. Moreover, SCG is a big group of company that involve many external stakeholders including direct customers, indirect customers, government, NGOs, suppliers and etc. that lead to difficulty in collecting data. However, at first we intended to collect the primary data by making both qualitative research (external stakeholder survey), and qualitative research (interview via email). But unfortunately due to Thailand is facing a very big issue about political matter, many companies were close and people under fear of this situation.

As the result, we generated the questionnaire survey to various external stakeholders and there were very less respondents which might affect the research reliability in terms of a very small sample size. Therefore to make our research more reliable, we have focused on existing interview with SCG Executive that published and reviewed by other people. Moreover there was a difficulty in accessing information from third party perspective. Indeed, most of our information gathered from company’s point of view that reflects on the positive sides. As well as NGOs in Thailand is not aware of Corporate Social Responsibility.
Chapter 2: Methodology

2.1 Scientific Approach

There are many scientific approaches in conducting a research. However, in order to choose which approach is suitable for our thesis we would have to identify the differences in each approach. In the next part, the difference between inductive and deductive is analyzed as well as qualitative and quantitative method.

2.1.1 Deduction and Induction

There are two approaches of logical reasoning, which are deductive and inductive approaches. According to Fisher (2007), induction refers to when a conclusion is drawn from past experience or experimentation. However, induction is when a researcher generates the conclusion from empirical evidence or past study, or in another words inductive approach is to begin with the specific thing, the observation of an individual case. However, deduction is started from general to the more specific. We can describe the deduction approach as the following steps; theory, hypothesis, observation and the last step is confirmation. Beginning with the specific idea from this point will create the specific ways of thinking and come up with the general idea to support it. These two approaches of logical reasoning have differentiated in conducting of research; the inductive approach is more open ended and exploratory, especially at the beginning. Whereas the deductive approach is more narrow in nature concerning with testing and confirming with the hypotheses. Consequently we consider that the deductive approach should be employed to our thesis regarding to the use of literature review and existing theories to support our empirical data.

2.1.2 Qualitative and Quantitative Method

According to Fisher (2007), there are two types of scientific research methods, qualitative and quantitative research. First of all, quantitative method aims to explain, predict and to test theory. According to Fisher (2007), the objective of quantitative research is to develop and employ mathematical models to express the relationship. As for qualitative research, it consists of an investigation that seeks for an answer to a question and systematically uses a predefined set of
procedures to answer the question. Moreover, qualitative research is aimed to describe, explain, explore, interpret and build theory (Fisher, 2007). Indeed, qualitative research is about gathering an in-depth understanding of human behavior and the reasons of that behavior. However, the differences between these two methods can be explained in table 1 from Ghauri and Gronhaug (2005).

Consequently, we realized that the qualitative method is more suitable for our thesis which aims for better understanding about the implementation of CSR in the case study of SCG. Moreover, qualitative research is appropriate when the situation needs to be understood in a deeper level and to be clearer in the context. As we employed qualitative method, we used secondary data throughout our thesis. We had collected the data from the sustainable development reports, published articles as well as online-data in order to obtain relevant information and to be able in doing analysis.

<table>
<thead>
<tr>
<th>Qualitative Method</th>
<th>Quantitative Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasize on understanding</td>
<td>Emphasize on testing and verification</td>
</tr>
<tr>
<td>Focus on understanding from respondent’s/information’s point of view</td>
<td>Focus on facts and/or reason for social events</td>
</tr>
<tr>
<td>Interpretation and rational approach</td>
<td>Logical and critical approach</td>
</tr>
<tr>
<td>Observations and measurement in natural setting</td>
<td>Controlled measurement</td>
</tr>
<tr>
<td>Subjective “insider view” and closeness to data</td>
<td>Objective “outsider view” distant from data</td>
</tr>
<tr>
<td>Process oriented</td>
<td>Result oriented</td>
</tr>
<tr>
<td>Explorative orientation</td>
<td>Hypothetical-deductive; focus on hypothesis testing</td>
</tr>
<tr>
<td>Generalization by comparison of properties and contexts of individual</td>
<td>Generalization by population membership</td>
</tr>
</tbody>
</table>

**Table 1: Differences between qualitative and quantitative method**

(Source: Ghauri and Gronhaug 2005)
2.1.3 Case Study Method

In terms of “case study” is often used interchangeably in social research, yet to a qualitative inquirer. A case is typically regarded as specific and bonded (in time and place) instead of a phenomenon selected for study. Case is general characterized on one hand by their theoretical interest (Ragin, C.& Becker, HS. 1992) and also some qualitative inquirers argue that knowledge of specific, concrete cases are different types of knowledge from theoretical or scientific knowledge. That requires perceptive recognition and the latter a kind of cognitive understanding expressed in rules (Jonsen, A.R. and Toulmin, S. 1988).

Case study has a broad meaning which is one of many useful ways of thinking the approach to inquire the distinction between case study and variable study (Ragin & Becker, 1992). The case study itself is at the central stage not variable, it also is to be preferred when the inquirer has little control over events being studied. When the object of the study is a contemporary phenomenon in a real context are not clear, and desirable to use multiple sources of evidences (Robert, 1989). Therefore most of the case study is emphasizing on generating knowledge of the particular.

The case study method is more relevant to our thesis which required for deep insights into a certain situation and also for understanding in factors that involve in implementing CSR in difference situations. Also, we applied a case study method which emphasizes on developing CSR, implementation and study the activities over a limited time. Therefore, we have focused on some specific year of SCG in implementing CSR.

2.2 Research Design

The purpose of this thesis is to investigate the implementation of CSR activities though a case study of SCG. We realized that it is relatively suitable to use the qualitative method throughout our thesis.

2.3 The Gathering of Data.

Secondary Data

In this thesis, we used many sources of secondary data which were gathered from online sources. Most of the relevant information was available from the company’s website as well as
Sustainable Development Reports. However we have focused on the latest Sustainable Development Report available as suggested from Mr. Amorntheip Taveephanich, Marketing Executive of SCG. Moreover, we employed secondary data from Thai’s electronic newspaper and research paper related to CSR activities of SCG.

Due to our limitation in accessing of information, we have used a published interview with CSR Management Associate’s Director of SCG from Social Responsibility Journal. This journal has been written by Virakul, B., Koonmee, K. and Gary N. McLean (2009).

2.4 Analyzing the Data

First of all, the data collection was considered as the priority for the thesis. We gathered the raw data via e-mail from Mr. Amornthep Taveephanich, Marketing Executive of SCG. Also, Mr. Amornthep provided the data file and suggested us to download sustainable reports from the company’s website. As the result, we combined all the data into relevant information that could be applied for our thesis. Moreover, in analyzing this thesis, we used the triple bottom lines approach together with Business Excellence Model which by categorized SCG implementation of sustainable development into three dimensions (economic, social and environmental).

According to Fisher (2007), qualitative research is attempting to gain an understanding of the meaning which involves four concurrent flows of activities; data reductive, data display, theory building and conclusion. As we collected our data via e-mail interview and we narrowed and filtered data into relevant data that can be analyzed in further study.

2.5 Reliability

Reliability is referred to trustworthiness in collecting and analyzing relevant data. We have interviewed a Marketing Executive of SCG in Thailand in order to make sure that we get the reliable information. Moreover, we have reviewed information from reliable sources as SCG’s official website which provided sustainable reports.
Chapter 3: Theoretical Framework

3.1 Sustainable Development

According to the World Commission on Environment and Development (WCED), sustainable development is a progress that “meets the needs of the present without compromising the ability of future generations to meet their own needs" It aims to focus on the economic growth while addressing the environmental concerns. The essence of this form of development is a stable relationship between human activities, including the needs to improve lifestyle and the feeling of well being on one hand, and the natural world’s resources and ecosystem. This concept aims to not diminish the prospects for future generations to enjoy a quality of life at least as good as our generations. (Mintzer, 1992)

The sustainable development, as the UNEF and WWF define, is the development that provides real improvement in the quality of human life and at the same time conserves the vitality and diversity of the Earth. Sustainable development is the concept that concerns three different dimensions: economic development, social development and environmental protection (The Brundtland Report, 1987). Related to the Triple Bottom Line (TBL) concept is based on a philosophy of sustainability in a language accessible to corporations and the shareholders (UNCTAD, 1996). TBL is placed on the global agenda that focuses on the economic, social and environment bottom line to people in order to balance the equilibrium of needs and resources (Henriques, Adrian; Richardson, Julie, 2004).

3.1.1 Triple Bottom Line (TBL)

Triple Bottom Line (TBL) is approved by the United Nations and ICLEL; it focuses on Economic, Ecological and Social. The concept of TBL demands the responsibility of stakeholders rather than shareholders in order to increase the organization’s value. This also includes its profitability, shareholder values and its social, human, and environmental capital (Andrew & Karl, 2006). Moreover, it attempts to integrate not only the environmental and social aspects, but also the economic aspects. TBL is a complex method; many companies are only in a beginning to explore the real implications. Also, it brings three critical elements together as
environmental responsibility, social equity and economic performance. By adopting this concept, many companies hope to be able to take more systematic and sustainable approach to manage business risks, deal with the concerns of society and to spot opportunities, as well as potential problems (Henriques, 2004).

![Figure 1: Triple Bottom Line (Edvardsson, et al., 2005)](image)

**Economic**

TBL refers to both economic and financial bottom lines. In this case, the term of financial is more tangible than economic. Financial is concerning about money which is tangible, distributed, and shared. On the other hand, economic is a concept that embraces the relationships between policies decision, institution, theories and choices that affects the production. According to Porter (1998), Economic and Social cannot be separated. He explained that it is difficult to deny the integral relationships that lead the economic institutions; therefore the Economic and Social are not separated (Porter, 1998). The Economic refers to the term of welfare or utility that measures the power of people to pay for goods and services. At the same time, the profit aspect needs to be seen as the real economic benefit of the society. As a result, the original TBL approach does not consider only in the organization benefit but also the social benefits where the values, behaviors, and practices are reflecting the profit maximization to maintain the social and economic accountability.
Social

Social bottom line refers to the beneficial business toward the community and the region. This includes monitoring the labors, observing human rights, improving working conditions and building labor relations, as well as managing any indications of social responsibility which is gained in the civil society movement (Bob, 2002).

Environmental

Environmental Dimension is concerned about the benefit of nature in order to sustain the resources. The goals is to do no harm and curtail environmental impact as well as managing and carefully consuming energy and resources while reducing manufacturing waste and toxic before disposing toward the environment as if safe and with a legal manner (Stefan et al., 2003).

3.1.2 Modified Business Excellence Model

Garvare and Isaksson (2001) suggested the five core values in creating sustainable development. Therefore, the Business Excellence Model is based on deploy core values (Edgeman, 1998). These core values reflect the effect on local, regional and global level as well as the implications on personal and societal sustainable performance: (Garvare & Isaksson, 2001). The following are the core values identified by the Business Excellence Model:

1. Sustainable Stakeholder Balance: Long-term balance between the interests of all stakeholders forms a basis for sustainable development

2. Leaning Excellence: Continuous individual, organizational and societal learning is needed to reach sustainable development. Good learning creates a climate of improvement and innovation. Increased flexibility is needed for adaptation to rapid change. Moreover, good ability for learning helps the work with customization, simplification and developing product consuming fewer resources.

3. Process Performance Excellence: The process view forms the foundation of the systemic view. Using process management enables coordinated learning and improvement in different parts of the organization. The process performance excellence is defined as managing the process
effectively and efficiently with a result that maximizes the intergraded stakeholder value in the long perspective while maintaining a balance between the interests of all stakeholders.

4. Stakeholdercracy: Sustainable development is based on integrity and respect for all stakeholders. In this model, respect and formal authority are earned thought competence, maturity, responsible stewardship, humility and faithfulness to core values for sustainability.

5. Transparency: Open and equal information is vital for long-term balance between interest of all stakeholders Open information of compliance with performance standards for management and employees lead to fair and transparent competition.

The Modified Business Excellence Model was developed and added up the triangle “person-organization-sociality” (Edgeman, 2000). In this model required on all levels, which means that organizational excellence should promote personal and societal excellence and simultaneously retain customer focus. For the Modification Business Excellent Model involves with triple bottom line, as well as require improvement in environmental performance and more focus is put on supports global sustainable development base on personal and societal sustainable excellence and the concept of triple bottom line.

Following figure 2 shows 12 criteria of modifies model that lead to be sustainable value and have to be implemented on personal, organizational and societal levels. In order to achieve maximum effective and efficient management process, company must balance economic prosperity, social equity and environmental concern.

![Figure 2: The 12 criteria of the proposed sustainable development model for organizations (Rickard, et al., 2001)](image-url)
3.2 Definitions of CSR

Corporate Social Responsibility (CSR) has become an interesting issue, yet there is no exact definition for this term. As multi-disciplinary in nature it is covering a wide range of issues in operating business. As the result, there are different definitions introduced:

- European Union
  “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholders on a voluntary basis” (www.eu-trader.org)

- Business for Social Responsibility (BSR)
  “CSR is about companies achieving commercial success in ways that honor ethical values and respect people, communities and natural environment.” (www.bsr.org/AdvisoryServices/CSR.cfm)

- World Business Council for Sustainable Development (WBCSD)
  “The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large” (www.wb scd.org)

The above three definitions are common in terms of action and responsibilities to society and environment. Moreover, it is about how a firm should integrate environmental and social implications into their business operations. Also, CSR can refer as triple bottom line as we will discuss later on in this chapter.

3.2.1 CSR Pyramid

From the past, “Doing Good to Do Good” is the old style of CSR (Vogel, 2005). At that time companies used CSR to build good reputations to the community, such as charity. So, this was more into the top of the CSR pyramid. According to the figure 3 Pyramid of CSR, Carroll (1991) has developed the pyramid of corporate social responsibility into four different levels: economic, legal, ethical and philanthropic (from the bottom to top). As shown in figure 3, the “Economic Responsibilities” is the level that business organizations are creating to provide goods and service in the society. It also provides the services to meet the customers’ needs and wants within the exceptional of profit. The next level is called “Legal Responsibilities”, where business is to
go along with the law and regulations that promulgated by federal, state and local governments to fulfill social contract between business and social in order to meet minimal of legal requirements. The third layer of the pyramid is “Ethical Responsibilities” which refer to the sense in operating the business in notion of fairness, justice and ethical responsibilities. These actions embraced the activities and expectations of social members, even though they are not abide by law. Most companies with high concerning in CSR try to practice the “Ethical Responsibilities” over expectations at the levels above the requirements of law. “Ethical Responsibilities” were considered as overall employees, shareholders, and the community in order to keep the right and fairness toward all stakeholders.

The top of pyramid is called “Philanthropic Responsibilities” which emphasizes on corporate overall actions. The company is responsible for the society’s expectations be good corporate citizens while promoting goodwill and human welfare, such as contributions to arts, education, or the community. This process is very important to managers and employees to participate in voluntary and charitable activities within the community (Carroll A B, 1991).

**Figure 3 The Pyramid of Corporate Social Responsibility (Carroll, 1991)**

The development of CSR is widely spread around the world. Many companies are interested in adopting CSR, especially the companies that are more encouraged in triple bottom line which is consisted of economic, social, and environment. Moreover, core values which is the key to sustainable business by emphasizing on balancing between economic, social, and environment in the business. Therefore, CSR can be understood as the voluntary integration of social and
environmental concerns into business operations and interactions with stakeholders (Enquist et al., 2006).

As the result of the old style of CSR, many companies carried all expenditures to benefit the society and left with little benefit to shareholders. Hence, there were conflicts of interests between shareholders and society. As global business becomes highly intensive competitive, CSR is now used as a strategic tool to create competitive advantages. It changed the trend of CSR to be “Doing Good to Do Well” from “Doing Good to Do Good” (Porter and Kramer, 2006) As the result, companies are now seemed to have the relationship between profit and CSR activities.

The new world of CSR has adopted the new concept of “Doing Good to Do Well”, where companies are expected from people to take responsibilities for the society and environment. As the consequence, CSR is a tool for companies to survive in business. Moreover, media is giving more attention to the environmental issues. If the corporate fails in taking social or environment responsible, the media would be the mean to spread the news or information to people. People would boycott the corporate. In return, company would end up losing their reputations as well as profit. By reducing conflicts with their stakeholders or activists, this may help the companies to build trust or reputation, which boosts stakeholders’ confidence, and protect their brands (Waddock, 2008). According to Porter and Kramer (2006), philanthropy is in decline but when used in a proactive way, it can be a “Competitive Advantage” which led to long-term sustainability. If same products are offering by many companies, CSR practices can make the differences in consumer perspective when the company is taking responsibilities in society and environment with transparency manner.

### 3.2.2 Implementation of CSR

In the past few years there have been a number of joint Thai-international efforts to develop CSR practices. As the situation of CSR in Thailand which can be seen as “a Western methodology which have come to Thailand through the efforts of multinational companies” (Wedel, 2007) As the multinational companies such as Nike, Coca Cola and Pepsi are operating in Thailand, they have continue their strategies and have spillover effects to Thai people. Moreover, “Thai companies see the benefits in term of good will, community trust and image and are encouraged
to do even though Thais do not see the less visible benefits of CSR in cost saving, staff retention and reduction” (Wedel, 2007). However, Wedel has mentioned that less people in Thailand are not aware of this issue but there will be many factors affect the future of CSR in Thailand including government, international influence and the public perceptions.

In implantation we have reviewed an implementation framework of CSR as seen in figure 4 which can be used a guideline for business to adapt to its own use. This framework has been developed by Hohnen (2007). As in the figure 3, this implementation is an on-going process which it is more like learning and improving for a better result in sustainability. Moreover, this implementation framework integrates economic social and environmental decision making thought the firm from the board of director to front line officials and supply chain partner which there are 6 processes in order to develop CSR as following:

1. **Conduct a CSR assessment**

As the first step was to examine relevant information about the form’s products, service, decision making processes and activities to determine where the firm currently is with respect to CSR activities, and to locate its “pressure points” for CSR action. Moreover, the proper CSR assessment should provide an understanding of the firm’s value and ethics, internal and external divers motivating the firm to undertake a more systematic approach to CSR. Also, CSR assessment is the guideline of the firm as a road map in implementing CSR. By implement the assessment process is need five stages of CSR assessment:

- Assemble a CSR leadership team
- Develop a working definition of CSR
- Identify legal requirements
- Review corporate documents, process and activities
- Identify and engage key stakeholders

2. **Develop a CSR strategy**

The next step is developing a CSR strategy which the firm will use information from CSR assessment to develop strategy. The CSR strategy acts as road map for every organization to
follow and provide direction to achieve expected goals. Also, the company needs to build support with the CEO, senior management and employees. According to Hohnen (2007), he has identified the important aspects and guideline for developing CSR strategy as follows:

- Research what others (including competitors) are doing and assess the value of recognized CSR instruments.
- Prepare a matrix of proposed CSR actions.
- Develop options for proceeding and the business case for them.
- Decide on direction, approach, boundaries and focus areas.

3. Develop CSR commitments

“CSR commitments are policies or instruments for a firm to develop or sign on to that indicate what the firm intends to do to address its social and environmental impacts” (Hohnen, 2007). In this process firm need to ensure that CSR values are consistent with corporate culture. Moreover, they have to align and integrate with business strategy, objectives and goals. The most important is that firms need to provide guidance for employee as well as all stakeholders to follow.

CSR commitments communicate the nature and direction of the firm’s social and environmental activities and in this way help others understand how the firm is likely to behave in a particular situation. To develop CSR commitments firms need to consider the following as suggested by Hohne (2007).

- Do a scan of CSR commitments.
- Hold discussions with major stakeholders.
- Create a working group to develop the commitments.
- Prepare a preliminary draft.
- Consult with affected stakeholders.
- Revise and publish the commitments.

4. Implement CSR commitments

The next process is to put the strategy into actions. As that, the implementation refers to day-to-day decision making, practice, operation and activities according to the plan or vision. As for this
process, firm needs to carefully review information regarding to pervious processes to prepare and implement a CSR business plan. Hohnen (2007) has suggested how to implement CSR as the following:

- Set measurable targets and identify performance measures.
- Engage employees and others to whom CSR commitments apply.
- Design and conduct CSR training.
- Establish mechanisms for addressing problematic behavior.
- Create internal and external communications plans.
- Make commitments public.

5. Report and verify progress

After implementing a CSR strategy, the firm needs to report and verify process. This process is to assure the stakeholders that the organization has delivered on its commitments. Reporting is referring to communication with the stakeholders about a firm’s economic, environmental and social management and performance. This report can help firm to positioning itself and be open to public with transparent manner as well as to provide information to all stockholders.

6. Evaluate and improve

The last process in implementing CSR is evaluation and improvement. In this part, the firm needs to evaluate the overall CSR strategies. But the most important factor is to make it better and to improve in the areas where it is needed. Moreover, it is more like a learning process for the organization which is based on continuous receipt and review of new information and adaptation for sustainable advantage. This base of information should allow the firm to determine whether the current CSR approach is achieving its objectives and whether the implementation approach and overall strategy are correct, as well as identify any opportunities for improvement and engage the stakeholders. Lastly, after evaluating and improving performance, the firm should cross check and return to plan and start the next cycle about the plan, policy, and action as well as the all kinds of CSR activities.
Figure 4: Implementation of CSR Framework Development, (Hohnen, P. 2007)
3.3 Stakeholder Theory

Nowadays, companies that are practicing sustainable development are relatively interested in stakeholders rather than shareholders to benefit the society as a whole. According to Freeman (1983), stakeholders refer to “those groups without whose support the organization would cease to exist”, “Stakeholder Theory” concerns all people who are affected by the company, not only to maximize the shareholders’ profit. Stakeholders are divided into two categories; internal and external stakeholders. Internal stakeholders refer to people within the organization while external stakeholders refer to people or organization outside of organization. Therefore, “Stakeholder Theory” is brought up as a part of sustainable development implantation. Donaldson and Preston (1995) developed the stakeholder model, as shown in figure 5, where it takes account of a wider group of constituents rather than focusing on shareholders. This model represents eight fundamental stakeholders that influence a company. They suggest that in order to create long-term sustainability, company must carefully identify those are the important stakeholders.

There is an interesting development by Jensen (2001) which argues that the managers of a firm should take all stakeholders in a firm but because of theorists refuse to say how the trade-offs against the interests of each of these stakeholder groups might be made. Moreover, there is no researcher defined measurable objectives and with this it leaves managers unaccountable for their CSR practices. Jensen (2001) advocates enlightened stakeholder value maximization as “Enlightened value maximizations utilizes much of the structure of stakeholder theory but accepts maximization of the long run value of the firm as the criterion for making the requisite trade-offs among its stakeholders. And solves the problem that arise from multiple objectives that accompany traditional stakeholders theory” (Jensen, 2001).
3.4 CSR and Risk Management

CSR is defined as a concept and strategies in which companies voluntarily integrate social and environmental concern with the business operations and stakeholder interaction (Enquist et.al, 2005) where CSR helps business to build up credibility and trust which is the best, brightest staff and to a reputation which consumer and investor can identify with. (Diantopoulou, A. 2004), and now on CSR is one of the important tasks in our globalised world is to find an equilibrium between economic success and social welfare (Walter P., 2004).

As for risk management, it can be considered the identification, assessment, and prioritization of risk followed by coordinated and economical application of resources to minimize, monitor, and control the probability as well as impact of unfortunate events (Hubbard D., 2009), it can be implied as the ways to manage the risk, decide what risk to avoid, and how to avoid them as well as what risk should accept and what new risk to take on (Down, K. 1998). By addressing various risk factors, which risk management through strong organizational value and behavior can build and maintain a company’s image, brand, and employee moral (Morsing, M. & Beckmann, S. C. 2006)

However, CSR as risk management approach is about risk control, and about safeguarding the reputation of the company. Its deals with the emerging environment and social justice risks.
which need to anticipate the risk and develop appropriate risk mitigation and financing strategies, since sustainability risks are emerging the best strategies for dealing with corporate. Whereas the particularly CSR related to corporate risk management through two means, first is by providing intelligence about what those risk are, and by offering an effective means response to them. Also must look in the management stakeholder relationship together with risk management at the same time (Kytle, B. 2005)

3.5 CSR and Corporate Image

Morsing and Beackmann (2006) agreed on adopting CSR activities, companies want to focus on the ability of value to shape their company’s identity and reputation by building its brand or earning trust of customer, supplier, business partner and other stakeholders. Moreover, companies that engaged in CSR are reporting the benefits into their reputation and their bottom line. Therefore, in most of the big companies and especially corporations, it is seen as an imperative tool promoting and improving the public image. Also, annual reports emphasized with descriptions of companies' attempts to be fair, green and responsible which can refer to “Sustainable Development Report” As the result, people who viewed annual reports will have positive image toward the company (Mattila, 2009).
Chapter 4 Empirical Results, Findings and Analysis

4.1 General Information about SCG

4.1.1 Business Lines and Products

SCG Group is divided into 5 core businesses that will be explained as following:

**SCG Chemical**

SCG Chemical was established in 1989 that manufactures and supplies a full range of chemical products ranging from upstream chemical such as olefins, intermediate chemical such as styrene monomer to downstream chemical such as polyethylene, polypropylene, and polystyrene resins. Currently, SCG Chemical is one of the largest integrated chemical companies in Thailand. Moreover, their target markets are both in domestic and in the Asia-Pacific region.

**SCG Paper**

SCG Paper was established in 1975 and until present, SCG Paper Business is the largest integrated producer of paper products in Thailand, consisting of pulp and printing & writing paper, packaging paper and corrugated containers. As state in SCG Paper (2009) their core products are packaging paper, corrugated containers, printing & writing paper and pulp. The products have gained wide acceptance in both domestic and international markets for their world quality standards. The Paper Business remains the industry leader in Thailand and in the ASEAN region.

**SCG Cement**

SCG Cement established in 1919, produces and supplies cement, ready-mixed concrete, concrete products, white cement, and refractory as well as providing technical services and consultation on plant installation to customers to ASEAN region.

**SCG Building Materials**

SCG Building Materials Business operated in 1983 as a complementary to the Cement Business. Today, the Building Materials Business offers a various range of products including roofing
materials, ceramic tiles, sanitary ware, faucets, paving blocks, and insulation products. In addition SCG Building Materials has exports through global distribution network, particularly to major markets in ASEAN, U.S.A., Europe, and Australia. The Business currently has 9 business operations in Indonesia, The Philippines, Cambodia, Laos and Vietnam.

**SCG Distribution**

SCG Distribution started operating in 1962 that involved in domestic and international trading, logistics, transportation, and warehouse management. In the retail business, the Distribution Business is developing its retail network through dealer-owned Cement Home Mart stores. Know-how on retail management from Do it best, a leading retailer of building materials and home improvement products in the U.S.

### Table 2 Satisfaction on Corporate Image by Target Group

<table>
<thead>
<tr>
<th>Target Group</th>
<th>Reputable Organization (%)</th>
<th>Admireable Organization (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCG Employees</td>
<td>99</td>
<td>98</td>
</tr>
<tr>
<td>Local Communities</td>
<td>100</td>
<td>98</td>
</tr>
<tr>
<td>Business Partners</td>
<td>99</td>
<td>92</td>
</tr>
<tr>
<td>Shareholders</td>
<td>97</td>
<td>98</td>
</tr>
<tr>
<td>General Public</td>
<td>98</td>
<td>87</td>
</tr>
<tr>
<td>Media/Columnists</td>
<td>98</td>
<td>94</td>
</tr>
<tr>
<td>Opinion Leaders</td>
<td>99</td>
<td>97</td>
</tr>
<tr>
<td>Businessmen/Invested/Analysts</td>
<td>99</td>
<td>95</td>
</tr>
<tr>
<td>Students</td>
<td>92</td>
<td>86</td>
</tr>
</tbody>
</table>

**Table 2 Satisfaction on Corporate image by Target Group (SCG sustainable report, 2010)**

According to Table 2 we described the satisfaction towards corporate image by the important stakeholders which conducted by SCG. This table shows a significant percentage that SCG has accomplished towards their corporate image. Indeed, local communities have scored 100% as well as business partners. We can observe that most of the target groups are very satisfied with SCG.
4.3 Sustainable Development Management of SCG

SCG has applied sustainable principles into their company’s vision that are:

“Our vision is that by the year 2015, SCG will be well recognized as an innovative workplace of choice, and a role model in corporate governance and sustainable development. By 2015, we see SCG as a regional market leader, contributing to the sustainable progress of ASEAN, and the local communities where SCG operates. Through SCG’s world-class business practices, corporate governance principles and uncompromising safety standards, we are committed to creating value for our customers, employees, and all other stakeholders. We will constantly ensure that our operational excellence, technology development and innovation will allow us to provide quality products and services in order to enhance the quality of life for all.” (SCG Sustainable Report, 2008)

As SCG has restructured the organizational structure, they introduced the Sustainable Development Committee in order to promote the principles of sustainable development. The SCG Sustainable Development Committee is presided over by the president of the Cement Business with presidents of the other business units as committee members. In addition, the business-wide and companywide sustainable development committees have been established to ensure that all policies and action plans are effectively deployed and implemented (SCG, 2010). The role of Sustainable Development Committee is to develop the action plans for all companies in the group, so all the businesses would implement according to SCG guidelines for sustainable development from year to year. SCG Sustainability Development Committee meets quarterly. The role of this committee is to provide direction and follow-up on the progress of program as well as implantation and performance. It ensures effectiveness; adequacy and suitability of action plans as well as actual performance will be reviewed considering appropriateness to current economic, social and environmental conditions.
4.4 Implementation of Sustainable Development

As from the sustainable report of the year 2008, we have investigated the implementation of sustainable development and important factors that concerns implementing that is called “SCG Growth Strategy”. As sustainability covers a wide range of issues as according to TPL, a workshop was convened with representatives from each business unit and relevant corporate functions to identify evaluate and prioritize issues with the potential to impact on the corporate ability to fulfill the SCG growth strategy for a sustainable future. Internal stakeholders participating in the workshop were selected based on their relevance and exposure to external stakeholders in order to ensure that they understand the stakeholders’ perspectives and expectations well. This process enables SCG to define appropriate sustainability report context, and enables stakeholders to obtain appropriate information for further making relevant decision. Moreover, SCG has adopted guidance from GRI-G3 guidelines in developing the approach to defining important issues that concern economic, environment and social responsibilities then the Issues were evaluated and prioritized based on their significance of impacts and their level of stakeholder interest. This process can be described in figure 6.
Figure 7: Sustainable Development Approach (SCG Sustainable Report, 2008)

According to the important role of stakeholders that SCG has best identified the important stakeholders that have affected its organization as the whole. In 2008, as refer to figure 7 the company has surveyed the most important stakeholders that influence the organization regarding to economic, environmental and social impacts. From the figure 7, SCG has established a consolidated list of sustainable development has been considered as following:

1. Global Economic Recession
2. Operational Excellence
3. Energy and Climate Change
4. Safety and Health of Employee and Community
5. Disclosure and community Involvement
6. Employee Engagement

SCG consider these issues as priorities that decision making would be reviewed through stakeholder dialogues and discussion that aimed for accuracy and clarity. From this analysis, SCG develop business sustainable development roadmap, business sustainable development forum, analysis of NGOs and other stakeholder dialogue and concerns for yearly action (SCG Sustainable Report, 2008). With these list of priority stakeholders, SCG develops sustainable development for business growth to achieve its vision to be a regional market leader that contributes to the sustainable progress of ASEAN region, “SCG Sustainable Development Committee realized the importance of operating business with the consent of the communities where SCG operates and stakeholder engagement which all beyond the legal requirement” (SCG Sustainable Report, 2008). In addition, SCG aims to use sustainable development as risk mitigation, operational excellence and business opportunity creation to enhance sustainable
growth and create competitive advantage. In the next part of this thesis, we will discuss about these three areas.

**Figure 8:** Significant of economic, environmental and social impacts (SCG report, 2010)

### 4.4.1 Risk Mitigation

By adopting the sustainable development, companies hope to be able to take a more systematic and sustainable approach to managing business risks as well as potential problems (Henriques A., 2004). SCG use sustainable development as the purpose to reduce risk and becoming more proactive in operating business. Moreover, the company proactively manages and control environmental, social risks to the lowest practicable level (SCG Sustainable Report, 2008). SCG has adopted CSR activities to reduce risks for long-term sustainability. As the result, the policies and CSR programs implemented in 2008 are included:

- Environmental and Safety Performance Assessment Program
- Greenhouse Gas Inventory and Reduction
- Safety Promotion and Awareness Campaign
- SCG Contractor Safety Certification System
Community Involvement and Development

4.4.2 Operational Excellence

As sustainable development helps SCG to operate in a proper way that can maintain competitive cost and enhance productivity in the way of using efficient raw materials and all non-renewable resources. As according to SCG Sustainable Development Report (2008), they adopted the 3R Concept that applied to all business units that include Reduce, Reuse/Recycle and Replenish to reduce consumption of energy and materials. Moreover, the implementation of the 3R Concept is mostly concerned with environmental dimension as according to TBL. From the implementation of the 3R concept, it helps SCG to achieve zero-waste and increase employee performance as well as product quality. The following are key policies and CSR programs to enhance operational excellence that implemented in 2008:

- Increase use of alternative fuels and raw materials
- Reduce consumption of energy, water and natural resources
- Reduce industrial waste and increase reuse and recycle proportion
- Quarry rehabilitation and biodiversity management

4.4.3 Business Opportunity Creation

According to Sustainable Development 2008, the concept of sustainable development has been integrated into SCG decision making to support business growth strategy that benefits society. From an interview via e-mail with Mr. Amornthep Taveephanich, he said that SCG highly focuses on creating innovation that contributes to social and environmental dimensions that generate new products and serve new markets that create new opportunities for the company. In addition, SCG’s innovative can be seen in form of new products for example “Idea Green Paper” (SCG Website, 2010). From sustainable development, SCG promoted “Idea Green Paper” considered environmental dimensions that provided solution to customers with the aim of achieving excellent energy-saving performance to serve customer’s needs. Moreover, the concept of sustainable development has supported SCG growth strategy by improving access to
cost of capital; promoting revenue growth from new markets and simulation innovation (SCG Sustainable Development Report, 2009)

### 4.5 Stakeholder Engagement

As according to SCG’s sustainable implementation approach company highly concerns about stakeholder perspective by identifying the need and how to response to address those needs. According to Sustainable Development Report (2008) we can summarize the SCG’s programs/rezones by individual stakeholder group in the table below:

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Stakeholders Needs</th>
<th>Identification Approach</th>
<th>SCG Program/Response</th>
</tr>
</thead>
</table>
| Shareholders | -Revenue and business growth  
- Fair business management under corporate governance | - Annual shareholder meetings | - Operating business under corporate governance and having 4 Core Values in conducting business  
- Operating business carefully and creating sustainable profit. |
| Business Alliances | - Compensation  
- Occupation health, safety and environment well being  
- Knowledge enhancement at work and out of work | - Meetings  
- Dialogues | - Provide fair wages and remuneration  
- Raising work life quality  
- Develop technical skills |
| Customers | - Satisfaction in goods and services  
- Quality and environmentally friendly product and manufacturing processes | - Visit customers  
- Customers’ satisfaction survey | - Develop diversified products and addressing customers’ satisfaction  
- Controlling and assuring the manufacturing processes in accordance with ISO 9001, ISO 14001 and industrial standard |
| Suppliers | - Reasonable price and on-time payment  
- Sustainability and | - Visit to suppliers  
- Suppliers’ complaints | - Considering setting reasonable price and defining clear purchasing procedure |
<table>
<thead>
<tr>
<th>Transparency Business Operation</th>
<th>Green Procurement Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Technical support towards green procurement</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees</th>
<th>Green Procurement Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Welfare and remuneration</td>
<td></td>
</tr>
<tr>
<td>- Job security and career path</td>
<td></td>
</tr>
<tr>
<td>- Knowledge enhancement at work and out of work</td>
<td></td>
</tr>
<tr>
<td>- Occupational health and safety environment</td>
<td></td>
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<tr>
<td>- Project “Employee Meeting Management”</td>
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<tr>
<td>- Employee consultation</td>
<td></td>
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<tr>
<td>- Suggestion or complaints</td>
<td></td>
</tr>
<tr>
<td>- Health surveys</td>
<td></td>
</tr>
<tr>
<td>- Provide reasonable welfare and wages and giving remuneration based on overall company performance</td>
<td></td>
</tr>
<tr>
<td>- Having management systems in accordance with ISO 14001</td>
<td></td>
</tr>
<tr>
<td>- Managing and developing human resources for individual career</td>
<td></td>
</tr>
<tr>
<td>- Fit for Work Fit for Life Project</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Communities</th>
<th>Green Procurement Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Creating jobs and occupations</td>
<td></td>
</tr>
<tr>
<td>- Protect environment and pollution control</td>
<td></td>
</tr>
<tr>
<td>- Support communities activities</td>
<td></td>
</tr>
<tr>
<td>- Enhance education and school in local communities</td>
<td></td>
</tr>
<tr>
<td>- Community needs and satisfaction surveys</td>
<td></td>
</tr>
<tr>
<td>- Face to face meetings with SCG’s management and community leaders</td>
<td></td>
</tr>
<tr>
<td>- Open factory visit</td>
<td></td>
</tr>
<tr>
<td>- Dialogues</td>
<td></td>
</tr>
<tr>
<td>- Complaints</td>
<td></td>
</tr>
<tr>
<td>- Community relation activities e.g. education, religion, environment, employee promotion, mobile medical service</td>
<td></td>
</tr>
<tr>
<td>- Monitoring pollutant emission</td>
<td></td>
</tr>
<tr>
<td>- Suggesting providing knowledge to supplement any part time job</td>
<td></td>
</tr>
<tr>
<td>- Supporting local schools, scholarships</td>
<td></td>
</tr>
</tbody>
</table>
| Government Agencies | - Following local regulations  
- Being a role model for others industries on environmental and safety management  
- Supporting community activities. | - Meeting with government agency  
- Government visit/inspection | - Strictly and follow regulations  
- Participating in meetings to provide advices and support academic/technical aspects. |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| NGOs                 | - Disclosing business operating performance information  
- Conducting business in a manner that has less impact to environment and communities  
- Reserve natural resources and environment | - Dialogues  
- News and journals from various media | - Utilizing natural resources effectively, while preserving environmental quality  
- Preparing annual report and sustainability report according to GRI |

**Table 3: SCG Stakeholders Engagement (SCG Sustainable Development Report, 2008)**

### 4.6 Triple Bottom Lines

#### 4.6.1 SCG and Environment Dimension

SCG has been highly concerned about environment dimension which should be aware of the benefit of nature, also consume and manage the resource in effective way in order to conserve the nature and environment. In environmental management of SCG developed and conserved by the environment as well as implemented 3R (Reduce, Reuse/Recycle and Replenish) to the area to be in the original conditions in order to balancing the ecosystem.

According to the Sustainable Development’s Report (2008), the action plan of SCG was framing in to several dimensions such as energy, water, waste, green house gases, biodiversity, green
procurement, ergonomic, logistics, occupational health and safety, employee awareness, community involvement and developmental performance assessment program. Let’s refer to the Sustainable Development Report (2008), SCG is a group of company that has a variety of product diversification therefore the development of CSR in the economic dimension would have several approach to implement. For SCG Chemical has adopted new model technologies to enhance its operating efficiency, reduce energy consumption and greenhouse gas emission. Moreover, SCG paper has implemented various projects to continuously reduce energy consumption such as utilization of waste heat of black liquor to increase water temperature and reduce steam production, improving efficiency of energy use by adjustment of production process, installation of energy saving equipment.

In part of SCG cement, they reduce green house gas emission reduction by reducing fossil fuels used and replacing it with biomass or alternative energy. Moreover, installation of Waste-Heat power Generation systems that introduces excess heat from cement production to generate electrical power. For SCG Building Material, they also have conducted various projects and reduced consumption such as installation of a gasified system to replace natural gas usage as well as utilization of waste heat. As for SCG Distribution, they have foreseen the necessities, advantages, and opportunities of continuous improvement of energy saving in the office buildings, installation of fiberglass insulation, and aluminum composite design for protecting heat radiation concrete without sunlight reflecting those who stay outside the building. Also including replacing the internal lighting system with type T5 energy-saving light bulbs throughout buildings.

The followings are CSR activities that have been implemented concerning environmental issue:

- **Atmospheric Emissions**: As SCG aims to comply better than the regulation requirement that they tried to continuously improve its air quality and seek new technologies for air pollution control. For example, they invested new technology for reducing Nitrogen dioxide, Oxide of Sulphur, and Volatile Organic Compounds (VOC), as well as reduction of cement’s dust. In additional, SCG has employed other means for air pollution control including prevention at potential sources, minimization of leakage to the environment, adhering to the stringent operating procedures and conducting periodic monitoring and measurements.
• **Ozone Depleting**: Since 1998 Thailand was committed to prohibiting the use of Ozone Depleting Substances (ODS) in the production process of new products, to call off the use of ODS in existing manufacturing equipments, machineries and products within 2010. Therefore the company realizes the impact from the use of ODS and as such has started to reduce and avoid its use through implementing a plan to convert the existing equipment so that it is capable of using other substitutes. By communicating and educating employees on improvement requirements and the impact from using ODS. Since then SCG is using negligible ODSs. However, it is studying other substitutes for replacing all ODSs in production process.

• **Resource Management**: Effective resource management does not only present SCG’s efficient operating costs in production and services but also reflects organizational operating competency in market competitiveness and its sustainability. SCG has continuously managed and controlled the use of resources.

• **Water Management**: SCG continuously strives to conserve water resources from upstream to downstream. To ensure that there is sufficient water throughout the year and to avoid the impact of water crisis on local communities. As well as consider the overall stakeholder perspective in order to gain the benefit and maximize the environmental sustainability toward internal and external shareholder by implementing 3R concept (Reduce, Reuse/Recycle, Replenish).

• **Waste Management**: SCG undertook waste management practices and focused on researches and studies to reduce waste and maximize the reuse of waste materials. With proper management, the concept is based on the utilization of waste from one process; as a purified raw material, incorporated in another process. Hazardous waste: Key items include waste from the production of Purified Terephthalic Acid that is subsequently used as a raw material in manufacturing of plasticizer, composition of paints; while another portion is sent to heat recovery at cement kilns. Furthermore, Cement has managed to partially reuse the used refractory bricks from cement kilns or ironworks as one of its raw materials. These efforts have presented not only an attempt to promote the initiative of recycling but have also helped to extend the life of natural resources without
compromising the quality of product. For end-of-life management, SCG has initiated the collective system to reclaim these incurred wastes in manufacturing processes i.e. used paper, used corrugated boxes, used pallets, and metal scraps. However, since SCG products and services vary in applications, reporting on the volume or percentage of end-of-life products and packaging materials that are reclaimed, has not been consolidated.

- **Spill Prevention:** Chemical and product spills are one of key environmental and safety performance indicators stressed by SCG Chemicals. When undertaking projects relating to the spills, emphasis is given to lead to spill prevention i.e. storage of toxic chemicals in proper and secure containers; transfer of chemicals via pipeline instead of vehicles; provision of concrete containment to limit spill; establishment of working instructions; and maintenance of equipment and machinery to ensure proper operating conditions.

- **Biodiversity Protection:** Therefore SCG is committed to managing mining activities to mitigate the impacts incurred and keep them to a minimum. SCG implements the environmental mitigation and prevention measures prescribed in the Environmental Impact Assessment as well as the guidelines of the World Business Council for Sustainable Development (WBCSD)’s Cement Sustainability Initiative (CSI). Furthermore, SCG has carried out the quarry life cycle assessment which covers stages from selection, design, mining, rehabilitation and closure. Buffer zones have been allocated to reduce impacts to the community and ecosystem.

- **Green Procurement:** SCG is the first company in Thailand to implement the Green Procurement policy to purchase goods and services that are environmentally friendly. SCG has placed an emphasis on upstream procurements, For example those suppliers of raw material supplies, production support equipment, spare parts and services, who have an effective environmental management system in place and provide environmentally friendly products and services. At present, the industries do not pay much attention to this initiative, and also the product certification bodies currently cannot adequately address SCG’s increased demands. Therefore, the SCG Green Procurement Committee together with the business unit’s purchasing divisions have developed the purchasing criteria for products and services to help screen and select those environmentally friendly products
and services. The scope of application covers raw materials, production support equipment and spare parts, e.g. paper core, liquid oxygen, ink, shrink film and modified starch.

- **Environmental Management Accounting**: SCG Cement is the first business unit to deploy full Environmental Management Accounting (EMA). With the emphasis on physical data collection through the application of material and energy balance, and eventually on the determination of associated expenditures. But there were obstacles such as data accuracy, data collection regarding spills and waste and the design of data storage process being incompatible to the manufacturing process. SCG Cement has reviewed and integrated EMA data collection as part of the current organizations data management process, to maintenance activities, environmental investment, and environmental safety and social expenditures.

- **Logistics Management**: SCG focuses on effective logistics management along with environmental protection. Mode of transportation used takes into account fuel efficiency and environmental impacts, by using of transportation vehicles with low fuel consumption rate, for example the use of trains and ships together with trucks. As well as a management technique in which materials/goods are carried for both head haul and backhaul. To reduce idle transportation while increasing fuel efficiency. Moreover using management technique where goods from various customers are consolidated into one place and then are transported by large trucks to distribution centers prior to being transferred to end-customers by small trucks. In addition, in line with the government policy on the use of alternative energy. SCG has converted fuel supplying systems of transportation from diesel to natural gas on some transportation routes to reduced CO2 equivalent emission in the future.

- **Environmental Compliance and Fines**: As far as the environmental management is concerned, complying with environmental regulations and rules is the minimum requirement to which all SCG’s operations are obliged. SCG is committed to managing the environment and maintaining compliance to all operations where it operates. Over the
past year, SCG conducted its business in compliance with the regulations and consequently there were no fines for non-compliance with environmental regulations.

- **Environmental Investment**: SCG has made a number of environmental investments including environmental improvement projects inside and outside the manufacturing plants. Most of the investments were associated with the installation of environmental conservation and pollution control systems within the plants to manage key environmental aspects

### 4.6.2 SCG and Economic Dimension

Sustainable Development (2008) stated that SCG developed strategies that focusing on long-term sustainability to strive in the economic crisis and create organization stabilities. There are many strategies that were implemented to achieve their goals which fog on four areas as follow:

1. Managing liquidity and working capital
   - In order to manage liquidity, SCG used inventory management, monitored trade credit risks and reserved adequate fund in business expansions to strengthen its financial stability.

2. Strengthening domestic market and expand export coverage
   - SCG has strengthened its domestic market based on capitalizing on its distribution network and tighten its relationship with business partners (SCG Sustainable Development Report, 2008). In part of exporting business, use cost efficiency and world-class products to expand its export bases to the Middle East and Africa. As the result, they want to create more opportunities and diversify risks.

3. Developing of high value-added products and services
   - SCG is highly focuses on innovation and continuously develops new technology which creates adds value to their products and services. Moreover, all business units keenly emphasize on intellectual property management to crate its competitiveness that result in the long run benefits.

4. Monitoring cost effectiveness
SCG developments new ways to reduce costs save energy and minimize wastes by using the 3R concepts that we mentioned earlier. This concept helps SCG develop a shared energy procurement system between each business unit as well as create employees’ awareness in saving energy and reduce cost.

Moreover, SCG is part of supporting the national economic through financial performance from operations and distribution of income to business related stakeholders (SCG Sustainable Development Report, 2008). They provide benefits for employee with comprising salary, wage, welfare and as well as employee developments. In part of shareholders, they provided dividend to SCG shareholders in the amount of 9,000 million baht in 2008 (Sustainable Development Report, 2008). SCG also pay attention to local communities by using local sourcing which can increase economic growth and increase the well-being of the locals to generate long term sustainability as the whole. From Sustainable Development Report (2008), there is an evident that 78% of the community was satisfied with the local sourcing program which the survey was conducted by external consultants in 2008.

4.6.3 SCG and Social Dimension

SCG business’s philosophy aims to conduct its business with an adherence to ethics and social responsibilities. In doing so, SCG concerns in creating innovations and improve quality of life, SCG fairly treat all employees and significant stakeholders to support social activities. SCG believes that employees are the most valuable asset and commit to build human resources. The next part will concern about how SCG or in what ways SCG is operating its business in promoting social dimension?

- Occupational Health and Safety

In this part SCG aims to create sustainable safety at workplace that implemented occupational health and safety management system. This system turns into corporate culture as “Total Safety Culture” that each employee must follow. Moreover, SCG implemented a proactive campaign called “Think Safe Work Safe” since 2005 to create awareness regarding to safety in workplaces. There are various forms of media published to create awareness for employees such as safety
mobile exhibition, safety computer game and safety stickers (Sustainable Development Report, 2008)

- **Work License**

SCG business operations mostly concern with specific tasks such as cutting, welding and heavy-load lifting which employees need to be qualified in order to work. SCG has provided specific training to employee for safety and improving working skills. These trainings would reduce risk and accident in workplace.

- **Health Surveillance and Promotion for Employees**

Good health and quality of life for an employee is important in strengthen the business. Therefore, SCG promotes health benefits in both proactive and reactive ways by provision of knowledge and advice, prevention and control of physical and mental health risks. The implementation can be divided into two parts as follow: (Sustainable Development Report, 2008)

- Providing nursing stations and physicians in specific fields (heart disease, dermatology, obstetrics, eye, ear, nose, public health, etc.)
- Providing sport and fitness facilities.
- Organizing health promotion campaign such as “Running for Health”, sports days and sport training for employees’ family.
- Health rehabilitation projects such as No Smoking campaigns and diabetes and high blood pressure surveillance programs.

**Employee Practice**

Human resources development is one of the factors that drive the business, SCG has conducted numerous projects to encourage and develop employee to achieve goals. SCG emphasizes on employee’s health, safety and working environment by offering competitive remuneration. Moreover, SCG has been recognized as one of the best organizations in Thailand with very effective human resource management (SCG, 2010). Moreover, SCG has implemented a human resource development policy to enhance employees’ knowledge as well as build leadership at all levels. This development is including training programs that are needed for employees as follow:
• Development Program to Support Go Regional Strategy that is designed to prepare employees for work overseas and to allow local employees to understand SCG business.

• Value Innovation Development Program is concerning about human resource development at all levels in order to be innovative and proactive.

• Business Management and Leadership Development Program that aims to develop and increase leadership skill that is appropriate for all levels.

• Functional Development Program is aiming to provide professional training for employees according to their job roles (production, maintenance, marketing, sales, services and etc.)

**Social and Community**

As part of business philosophy, SCG is seen as a good corporate citizen by contributing to societies and communities where it operates. In 2008, SCG contributed 527 million baht to societies that benefits to environmental conservation and social development. The major CSR activities that implemented are as follow:

**Youth Capability Building**

SCG has organized an on-going development programs for young people to develop their capabilities in education science and technology, sports and arts in 2008. Also, they introduced a program called “SCG Drawing the Future” project which offered 125 scholarships for students to enhance youth educational development that aiming to create developed human resources that can improve country as well. In addition, SCG offered many camps such as arts, science and sports camp to increase and support youth abilities.

**Contribution to Environment**

According to the 3R policy approach, SCG continuously develop eco-friendly products and service that concerning about environment as well as serving customer’s needs. Moreover, SCG contributes to creating activities to raise environmental awareness to government agencies, private sectors, local communities and the public. There are many programs that SCG implemented in 2008 as follow:
- SCG Conserving Water for Tomorrow projects by constructing 10,000 check dams and encourage local communities to involve in this projects as well
- Love Earth Love Recycle, this project encourage employees and communities to protect the environment and prevent global warming.
- Public Benefits, SCG has continuously contributed to public to improve the quality of life of the public. Moreover, SCG has donated its cement products to all educational institutions for research and development. Moreover, SCG has donated their cement for construction school, temples and remote communities.

4.7 Secondary data-Published Articles concerning CSR in Thailand

As we have mentioned in our limitation that we have difficulty in conducting an interview with key persons of SCG. Instead, we have gathered the information from external sources in order to gather all aspect of information from different perspective from social responsibility journal “CSR activities in award-winning Thai Companies” that is given by Busaya Virakul, Kalayanee Koonmee and Gary N. McLean in 2009. The authors of this research have interviewed CSR management Associate Director who has 10 years experience in CSR management department of SCG and the following statement is the extent of CSR activities of SCG:

“... our mission statement states that more important than being a leading company, the business must benefit the nation and the Thai people.”

The company has a written policy on CSR and it was stated that these were all at the strategic level. Their business strategic plans put CSR into their statement. However, when it comes to a written policy on CSR budget, none has a specific policy on how they would commit on a regular or yearly basis. The interviewee explanation is:

“There is no written policy covering a CSR budget but it is usually set at around 700 million baht which is about 3-4 percent of the total profit each year.”

The interviewee gave the information regarding the company’s history on CSR as the following:
"The company has been involved with CSR since its establishment more than 80 years ago. The company exists to serve the country’s needs. ..""

SCG engaged many people for accumulating the ideas of what CSR activities the company should involve. Besides their own executives and CSR committee/staff, the guidelines set by GRI and the examples of CSR activities in global corporations gave them the outside knowledge of CSR activities at international level. SCG has reported CSR performance in its CSR report (2008)

As for the criteria for selecting CSR activities the company grouped their CSR activities into: human development (arts, sports and education); environment; and social/public welfares. The Critical issues in managing CSR activities, excerpt from interview

"Companies that promote CSR activities should be aware of the intention and the outcomes of their spending on CSR”

CSR managers also brought up the value most CSR professionals should uphold in doing CSR activities. That is his/her sincerity and good intention or a concern primarily on the benefit of the people who are at the receiving end. CSR manager of The Siam Cement Public Company Limited (SCG) said:

“If you are not sincere, which means you are promoting CSR to get good publicity, then you will be in trouble. Or, you will gain nothing out of your spending”.

CSR are viewed as a moral driven and social-responsible philosophy that moves forward to long-term success of SCG. The CEO’s leadership, the companies’ performance and benefit, and the stakeholders’ expectations are the main factors that drive CSR within company. The significance of CSR is put at the strategic level and not only executives who are engaged in CSR values and activities but also CSR committees and staffs by CSR activities are integrated into the companies’ overall performance. Moreover, the company set CSR plan along with its business strategy that is the main factor for SCG to be a leader in CSR management. The authors stated that the CEO’s vision and integrity seemed to be the driving force of their subordinate managers’ outlook on CSR. For policy on CSR budget, the big corporations in the United State or Europe stated exactly of their budget that is spend yearly on CSR. This point is relatively different from the corporations in Thailand like SCG that prefers not having a written policy on CSR budget
size because SCG were aware of the Thai culture and Thai people’s attitudes, which did not appreciate much, publicized good deeds. However, with or without a written policy of the CSR budget, their companies would do the same because their CSR activities were based on sincere gestures. Therefore, a lot of CSR activities in Thai business firms were conducted unpublicized or unrecorded. However, the spending of CSR budget cannot be an indicator of company’s CSR success or quality. The CSR activities are not only friendly to the environment, but also properly and social responsibly created (Virakul and Mclean, 2009).

Indeed, we have gathered information from Bangkok Post Newspaper about SCG projects has harmed the environment. The name of this article is SCG seeks court construction nod by Nareerat Wiriyapong (2009).

“SCG’s 18 projects at the Map Ta Phut industrial estate in Rayong, were among 65 ordered by the Supreme Administrative Court early this month to halt activities for failing to comply with Section 67 of 2007 constitution that requires public hearings and health and environmental assessments.” (Wiriyapong, 2009)

However, the result has not yet been announced but the Present and Chief Executive of SCG claimed that the projects are not harmful to the environment and SCG has gathered information that can prove these projects have already complied with the law as well as it will benefit the private sector to get the projects going.

4.8 Analysis

4.8.1 Modified Business Excellence Model

According to implementation framework, we observed that there are some linkages from SCG implementation process. But however the processes and steps may not follow exactly as per the framework. As the beginning SCG’s managements have set up their business vision that they will focus on doing business with ethically and lead to long-term sustainability. Then it will come to the sustainable development approaches that identify the important issues that impact stakeholders and then develop CSR strategies accordingly. We can see that SCG has the follow as the guidelines and adapt to best suit their organization. However, CSR is about long-term success which there is always improvement and changes in society. We can see that SCG is
proactive to all matters. As SCG has continuously developed stakeholders’ engagement table that respond to the stakeholders’ needs. In the next part, we will analyze SCG as according to Modified Business Excellence Model to better understand how sustainable thinking affects the organization as well as the result of doing business in sustainable way. In this model we focus on human resources, promote personal and societal excellence based on the concept of triple bottom line in order to retain customer focus.

**Strategic Planning**

We will use the Business Excellent Model to analyze how SCG implements sustainable development. As the modification of the business excellence models is increasing requirement to integrate social, ethical and ecological aspect that we believe it is suitable to use to analysis SCG’s sustainable development. As according to our empirical studies, we found that SCG’s management has set up corporate vision and mission corresponding to sustainable development.

“Our vision is that by the year 2015, SCG will be well recognized as an innovative workplace of choice, and a role model in corporate governance and sustainable development. By 2015, we see SCG as a regional market leader, contributing to the sustainable progress of ASEAN, and the local communities where SCG operates. Through SCG’s world-class business practices, corporate governance principles and uncompromising safety standards, we are committed to creating value for our customers, employees, and all other stakeholders. We will constantly ensure that our operational excellence, technology development and innovation will allow us to provide quality products and services in order to enhance the quality of life for all.”

We obviously see that the vision is well-balanced with learning excellence, process excellence, stakeholder racy and transparency. From this vision, SCG has developed strategies that comply with economic, social equity and environmental protection as according to TBL. As TBL is concept that making sense of sustainability concept to population focused on the economic, social and environment bottom line in order to balance the equilibrium of the need and recourses (Henriques, Adrian; Richardson, Julie, 2004). From our findings, we can see that SCG has operated their business which followed the concept of triple bottom lines and become their culture of doing business that lead to long-term sustainability. SCG has identified important economic environmental and social issue which based on stakeholder interest as sustainable
development approach. From this approach, we believe it is an effective and appropriate way to achieve long-term sustainable development as SCG developed its strategies from all stakeholders’ perspective. As the result, SCG has been considered on six issues as following:

1. Global Economic Recession
2. Operational Excellence
3. Energy and Climate Change
4. Safety and Health of Employee and Community
5. Disclosure and community Involvement
6. Employee Engagement

**System for Process Management and Process Control and Information System**

SCG has established Sustainable Development Committee in order to implement and ensure that every business units would follow the policies and vision. This committee acts as intermediary in communication between management and employees. As according to Stakeholder Engagement (table 3), SCG has meeting with both internal and external stakeholder to receive feedback in order to improve and increase their performance. Moreover, in controlling SCG is assuring the manufacturing processes as accordance with ISO 9001, ISO 14001 and industrial standard to control and inspect its product quality. This ISO 14001 leads to strong sustainability

**Individual Excellence**

For SCG vision leads to implantation of strategies that based on five core values. We found that SCG is highly concern in human development as it is important factor that drive the company’s success. SCG has provided training programs such as Development Program to Support Go Regional Strategy, Value Innovation Development Program and Functional Development Program to enhance employees’ knowledge and ability.

**Organization Excellence**

SCG operates its business in proper ways that maintain competitive cost and enhance productivity by using efficiently raw materials. Moreover, SCG has implemented 3R concept
that can be applied to environmental dimension. By applied 3R concept to all business units which result in increasing its operation performance in a proactive way.

**Societal Excellence**

According to our empirical studies, SCG has a strong co-operation with society. Many of CSR activities involve local community participation for example constructing dams and youth capability building which giving the benefit back to society. Moreover, SCG has provided job for local community as SCG emphasis on local souring. As the result, it can increase quality of life for local community. Moreover, SCG has continuously support social activities such as youth camp, sports activities donate cement products in construction school, temple and providing scholarships.

**Customer Satisfaction**

In this part, we have conducted an online survey regarding customer satisfaction towards the company. The respondents are indirect customers and the result that most of customers have strong satisfaction towards SCG in all three dimensions. These satisfactions were result from a good corporate that SCG contribute to the community to improve quality of life. Moreover, we can say that SCG is more toward the top of CSR pyramid called philanthropic as SCG has benefit to all stakeholders and aim to improve quality of life as the whole.

**Economic Result**

SCG is creating economic stabilities by providing job to local communities to enhance the overall economy in Thailand. As for supplies, SCG provides on-time payment with reasonable price. In part of shareholder, SCG maximize corporate profit according to shareholders interest. As according to stakeholder engagement the main purpose is aiming to financial benefit to all stakeholders that lead to strong sustainability.

**Environment Result**

The result of the 3R concept leads to zero-waste; reduced consumption of energy, industrial waste as well as natural resources. Moreover, SCG seeks to be a friendly organization that creates green production process, procurement and eco products that generate long-term sustainability. Moreover, SCG has prevented environmental problems by educating the local
community and help improve water resources from upstream to downstream as it is environmental sustainability. Also, the 3R concept can result in an environmental friendly process that less pollution and less chemical added in production process.

**Results from Personal Excellency**

As we have mentioned that SCG is highly concerned about human development and provides many training programs both in and out site work training. Moreover, SCG has provided scholarship and training abroad which aim to increase employees’ performance that result to organizational excellence. The result from personal excellence lead SCG to produce quality product because every processes are well trained that can maximize productivity with efficiently use of resources. Moreover, SCG has implement zero-defected which force employees to be motivated and enforce less mistakes

**Results from Support to Societal Excellence**

As from the Sustainable Development Report (2008), we can observe that SCG has supported the society to improve their overall quality of life. Moreover, SCG has been gaining positive relationship with local communities as it’s enhanced the local involvement. Also, SCG has close relationship with local communities as SCG is providing jobs and youth development leading to long-term sustainable development as a whole. Moreover, by implementing CSR it leads to new products such as eco and green products that offer more choices for customers

This model can explain how the company developed by through the implementation of CSR. As we mentioned implementation of CSR started from the management level to set up vision toward CSR and it become the structure in how business will operate. The vision becomes the guideline for every business units to follow and implement CSR strategies accordingly. As part of SCG vision, “we are committed to creating value for our customers, employees, and all other stakeholders. We will constantly ensure that our operational excellence, technology development and innovation will allow us to provide quality products and services in order to enhance the quality of life for all”. They implemented CSR strategies such as 3R concept, waste management or Water for Tomorrow Project in order to improve society as the whole. Moreover at the same time business create development with new technology and new innovation to maximize operation of their business. SCG’s developments involve employee and process that result in
products development, improve in environment, community development and customer satisfaction.

4.8.2 Stakeholder Theory

As stakeholder management is an important factor for the company to generate the right and beneficial CSR activities for all stakeholders. Moreover, stakeholder engagement is becoming part of SCG’s corporate culture, norm and value as they are operating the business. Therefore SCG has determined the significant stakeholders that affected their corporate as following:

![Figure 9: Analyzing SCG’s Stakeholders](image)

According to our findings, SCG is being more aware of the importance of stakeholders and the principles of CSR by stratifying stakeholder expectations which consider in three dimensions (economic, social and environment). SCG have focused on global economic recession, operational excellence, energy and climate change, safety and health of employee and
community, disclosure and community involvement and employee engagement in implementing CSR strategies.

Obviously we can see in the SCG’s stakeholders’ engagement that they encourage two-way and ongoing communication for example annual meetings, customer and supplier visits. As the result of good communication with stakeholders, SCG can directly respond and be proactive. Moreover, SCG has paid high attention in developing people as following the company’s vision. SCG has many programs concerning to human development such as scholarship for employees and youth. Also, SCG is considered as being fair because they are providing reasonable wages, welfare and price to satisfy the expectation of all stakeholders. Most importantly, SCG has contributed many environmental activities as water, waste, toxic management that concern both inside and outside organization. SCG has implemented CSR activities in order to prevent environment problem and continuously innovate new solution to improve overall processes and products. As the 3R concept which highly concerns about the environment they create green process and reduce waste. As SCG products are cement and chemical involved which directly create pollution. Therefore, SCG need to be aware of this issue to take responsible for society.

As for the response to the importance of the CSR concept, SCG is one of the few companies in Thailand that develop a Sustainable Report and are aware of the influence of NGOs. Indeed, SCG is doing business in transparency manner which stakeholders can get information in what they are doing.

4.8.3 Implementation of CSR and its benefits

The first benefit from implementation of CSR activities is creating good image. As according to the survey in Table 2, SCG has a very good reputation toward all stakeholders. These are resulted from CSR activities and doing business in ethical way. Before implemented CSR, SCG has the approach in identifying their stakeholders’ needs and knowing stakeholders. This approach gives the opportunity for SCG to better understanding stakeholders’ expectations and need. We have summarized CSR strategies that have been implemented in 2010 as following:
<table>
<thead>
<tr>
<th>CSR Strategies</th>
<th>Environment</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ozone Depleting</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Atmospheric Emissions</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Water Management</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Waste Management</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Resource Management</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Spill Prevention</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Bio-diversity Protection</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Green Procurement</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3R Concept</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Youth Capability Building</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Water for Tomorrow Projects</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Love Earth Love Recycle</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sports Camp</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Welfare for Employee</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

*Table 4 SCG’s CSR Strategies (SCG sustainable report, 2009)*

Moreover, all of SCG has contributed to social development especially in young generation for the future of the country as well as to improve company. As the result, CSR is the factor behind the company’s success which SCG has encouraged people to take part in contribute in environmental project such as Water for Tomorrow Project and Love Earth Love Recycle. These projects can improve relationship with community as well as to enhance reputation. It leads SCG to gain competitive advantage and closer with people in society. Indeed, it would lead to increase in profit to satisfy shareholders’ needs in the long-run.

Another benefit from implemented CSR is the company can become more proactive. Due to the fact that CSR is taking the responsibilities for all stakeholders which mean that SCG is doing business to serve everyone to avoid problem and mistake. As one of the benefits, SCG has implementing CSR is to reduce risk. Moreover CSR is an on-going process which the company needs to improve their operation for better result. As the result, they can innovate new products.
that serve the need of customer as well as improve product quality. We can see the example of innovate product from Ideal Green Paper that use less tree and chemical in producing paper. The company can benefit from saving production cost, generate new product and increase profit. Also, SCG can gain competitive advantage from being the first to innovate eco products that less harmed environment.

4.9 Discussion

Most of the information we gathered is from SCG’s perspective that seems to be in the positive way. So, there would be some aspects that we could not investigate about this company. However, as CSR is a new concept in Thailand that we think most of companies in Thailand have to face some obstacles in implementing CSR strategies. Also, information from the Sustainable Development Report (2008) has described in only positive and beneficial ways for the whole society. Nevertheless, we cannot conclude that there are no obstacles or negative point of view regarding to the implementation of CSR by SCG.

As part of SCG is producing chemicals and cement that directly affect the environment if not managed properly. We have found that SCG’s projects has been stopped by the Supreme Administrative Count that the projects harm the environment. We can see in some parts SCG is facing problems and not follow the principle of doing CSR and business sustainable. But we can observe that SCG has tried to solve and taking responsibilities of its action. We think that in a big organization, it would be hard to control every business units to follow the principle. But the management people have done to create a good sense of belonging and involvement between each business unit rather than a separation. Because even each business has its own management but still under the name of SCG so if any business done something unethical it would affect the organization as the whole.

However, SCG has been operating almost 96 years which we could find only one bad or negative point that SCG has harmed the environment but it is still in investigating process. We think this point has a significant meaning or evident that SCG has doing their business for long term sustainability According to the implementation framework of CSR linked with our findings, SCG has followed the framework but however there are some aspects that SCG has not presented. Moreover, from our observed that SCG has followed most of the 6 implementation
processes except for the evaluation. Especially, we think that SCG has done a job in identify important stakeholders and what issues that they need to focus regarding to the TBL concept. With this approach, SCG can response to the right problem and can focus to the real problem as they have stakeholder engagement. On the opposite side, we can hardly find the information regarding to how SCG evaluate their CSR implementation. But however, SCG has engaged the stakeholders’ feedback in order to improve their strategies and action plan for the upcoming year.

Another observation that we found is that the theory of implementation framework has matched what SCG has been doing in how they develop their CSR strategies but there are still the gap between the theory and reality. As we have mentioned that CSR is a new issue in Thailand, there is no doubt that SCG has used and review other CSR guidelines such as GRI as a foundation of implementing CSR. In our opinion, this framework is a good standard guideline for business that have little experience or knowledge about CSR. Since SCG is one of the first of Thai company in developing CSR which now SCG is a role model for many companies as well. As the consequence, it would improve and increase awareness of CSR in Thailand.

4.10 Conclusion

The concept of sustainable and CSR has been defined in many ways and has changed how the organization operates. We can see that in every process of SCG has considered in sustainable development coming from two ways communication and it became the culture of their organization that everyone does and thinks for long-term sustainability. We think this is the part of SCG’s success in doing business in ethical ways. Indeed, one of the critical findings is SCG did not published their budget on CSR activities that it shown that SCG doing their CSR activities based on sincere gesture and “Do Good to Do Well” concept.

According to Henriques (2004) companies hope to be able to take a more systematic approach for managing business risks, staying attuned to the concerns of society and spotting opportunities, as well as potential problems. From SCG’s perspective, the aim of implementing CSR activities is to reduce risk, create opportunities and increase corporate performance. We think these three main consequences of initiating CSR and lead to long-term sustainability of SCG. Indeed in Thailand, CSR is a new concept and most of the companies are not aware of. But
SCG has proven that CSR can lead to long-term business success as it has implemented for long time.

Moreover, SCG has developed a close relationship with the society which enhances positive relationship and loyalty towards the company. We think that SCG has contributed in many activities in developing youth such as scholarship, support youth in sports, arts and academic areas. These can help the country to develop human resources and develop relationship with society from generation to generation in return of SCG contribution.

SCG has put a high priority in order to becoming a stronger sustainable which the company has identified the most important stakeholders and what issues impact environmental, social and economic. We agree that SCG have done a great approach on identify the problem and proactive strategies that result from balancing the important of the three dimensions according to TBL. As we see that SCG has a separate committee to work on implementing CSR in achieving long-term sustainability. This means that the committee would work independently, without any pressure from other departments. As the result, the committee can focus on CSR issue and how to implement overall strategies that best suit the group.

Some may argue that CSR is a marketing strategy that firms use to obtain good image and to gain profit. Moreover, the result of implementing CSR would not offset their expenses which lead to unsuccessful business strategy. But we think that the true CSR is a good long-term investment that every company should follow. Indeed, CSR must come from the feeling that wants to do good to benefit to society not to think about the return of the profit. However, firm needs to balance all three dimensions as it impacted the corporate and stakeholders.

From our empirical study we found that the factors driven CSR are, the CEO’s leadership, the companies’ performance and benefits, and the stakeholders’ expectations. As the role of SCG leaderships, they have a clear vision to operate its business to achieve sustainability. As company’s performance, we can say that SCG want to improve its business by all three dimensions to prevent problems that lead to operation excellence. Another factor is the stakeholders’ expectation; SCG has identified the stakeholders’ needs and response according to their needs. Another important issue that we found is the feedback of stakeholders, in order to maintain or improve SCG must open for feedback by having annual meeting or call center so that
people can easily reach to the company. Also, we think that SCG should develop an on-going project for better result in long run.

4.11 Further Study

Our study results has shown that the implementation of CSR in the organization and the benefit towards all stakeholders, both internal and external stakeholders. As the action of CSR in the organization trend to be in long term result which it needed time to evaluate the outcome of sustainability, in order to balance the economic, social and environmental to get the ultimate solution toward cooperation and society. For further study, we would like to conduct interviews with both internal and external stakeholders such as employees, direct customers, in order to get the different perspective of the company implementation as well as NGOs and suppliers to measure the level of satisfaction toward the implementation of CSR. This research would have provided data and information in many perspectives rather than SCG itself in order to gather the idea of implementation of business sustainability to get the excellent solution. In addition as SCG is a group of companies that have many kinds of core businesses, that in this research can be mapped specific industries to get more focus and investigated on the single core business to get the analysis part more specific on each industry.
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