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*Ilham Salaeh*

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**Ilham Salaeh**

**Thammasat Institute of Area Studies, Thammasat University**  
99 Moo 18 Khlongnueng Sub District, Khlong Luang District,  
Pathum Thani, 12121, Thailand

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For more information, please contact Thammasat Institute of Area Studies (TIARA), Pathumthani, Thailand

Telephone: +66 2 564 3129

Fax: + 66 2 564 2849

Email: [tiara.thammasat@gmail.com](mailto:tiara.thammasat@gmail.com)

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## **Abstract**

This paper aims to analyze the role of stakeholders in corporate social responsibility (CSR) strategizing and operating process in determining the successful transformation from altruistic CSR to strategic CSR in the private company. To examine such issues, the process of CSR in the selected case study, Central Group's Sustainable Department is examined. The ethnographic research was applied to gather the data involving textual and documentation analyses and organizational participated observation for a period of one month. The importance of the study remains that there were gaps in CSR research which only a few of literature using ethnography as the methodology and paid negligible attention to organizational process of CSR. Hence, this paper will illuminate on the role of stakeholders in relation to organizational change through the sensemaking theory which focuses on the internal process of organization. Based on the ethnographic and textual data, this paper argues that there are managerial gaps in successfully transforming altruistic CSR to strategic CSR. In this regard, the ambiguous sensemaking and sensegiving occurring in strategizing stage and operating stage resulted the inability for the company to fully transition to strategic CSR.

**Keywords:** sensemaking, sensegiving, strategic change, ethnography, organizational process

## **1. Introduction**

The blueprint calling for sustainable future of the world is one of the United Nations agenda for governments, multinational companies, and individuals around the world to address and avoid the drastic challenges created by the global waves development (UNGlobalcompact, 2018). These measures are widely adopted by the government agencies, even the big businesses, and discussed topics that garnered publics and political sentiments (UNGC, 2007). According to the study by the United Nations Global Compact, there are more than 8,300 companies from 156 countries all over the world participated in the Global Compact initiative (UNGC, 2015).

Apart from the multinational initiatives, local government has been pushing many initiatives to put a cap to unenvironmental practices and to remedy the consequences of negatives externality. For example, Thai government drafted the 1992 Factory Act to ensure the proper waste management. More recently, Thai government also has included sustainable development of business as part of the government 20 years' plan (NESDB, 2019).

For a certain period of time, CSR has been gaining a relative attention from many key business sectors in Thailand. According to Virakul, Koomee, and McLean (2009) there are numbers of initiatives to promote CSR in Thailand. The Stock Exchange of Thailand (SET) had first recognized the listed companies in the stock market with SET-CSR award in 2006. There was an establishment of CSR institute in 2007 to promote the concept of the CSR to wider businesses and the public at large (Virakul, Koonmee, & McLean, 2009). Additionally, there was an adoption of ISO 26000, a social sustainability guidance for business which reflecting the penetration of CSR in the Thai business community.

In the past, CSR activities were seen to be a charitable project from the company toward the society. Hence, in the more recent view, the company has shifted away from CSR as an expense to CSR as an investment (Kramer, 2011). This means

that CSR is no longer a philanthropic project that is not necessarily benefits the financial position of the company (Lantos, 2002). In parallel with the academic world, businesses, on the practical ground, has been trying to adopt strategic CSR as a framework the create a shared value between the company and society.

However, the past literature suggests the scarce research to unveil the transformation from altruistic CSR to strategic CSR. As Basu and Palazzo (2008) hold that the past studies heavily relied on CSR documenting and inventories without understanding the precursor causes which will not likely to reveal the difference between CSR. Furthermore, the previous research also overemphasized on CSR content of activities which neglecting the internal organizational factors that might trigger or shape such initiatives from the beginning (Basu & Palazzo, 2008).

On the different note, Bass and Milosevic (2018) indicate the research and methodological gab in the previous study on CSR. They argue that, in the past, research has largely examined CSR through a macro-institutional perspective. This is to look at how organizations have followed the legal and societal “rules of the game”. In this perspective, researchers are primarily considering (a) how institutional pressures influence organizational approaches via CSR initiatives and (b) how organizations identify and build their corporate values and identities. For them this might not be enough to thoroughly understand CSR. For them, macro-institutional view will neglect the complex relationship between business and society at large (Bass & Milosevic, 2018). By using the right methodology, particularly qualitative ethnographic study, would provide an instrument to deeper examine the complex relationship of business and society.

It is engaging to use qualitative ethnographic study to explore the internal process of CSR in the company, especially the one which in process of transforming from the traditional CSR to strategic CSR.

## **2. Problem Statement**

Firms are pressured from publics and stakeholders to engage, compensate, and contribute constructively to the society. Many companies have been adopting CSR initiatives as part of their corporate strategy. However, only few researches have been done extensively on how this process is being made within the company. Additionally, most of the studies are looking at the external factors that are influencing firm's behavior without considering internal factor and the process is being proceed within the company.

## **3. Research Objective**

Given the limited research on in-depth study and ethnographic research in CSR, the overarching objective of this paper is to provide understanding of how CSR process being formulated and executed within the Thai retail company.

## **4. Research Question**

How does the stakeholders in CSR process determine the policy formulation and implementation to transform altruistic CSR into strategic CSR in Sustainable Development office of Central Group?

## **5. Research Scope and Limitation**

A specific case study is used on this research. Department of Creating Social Shared Value (CSV) in Central Group is chosen as it is one the leading corporation that has been implementing varieties of CSR initiatives. The company had received recognitions and awards from within the country and had been recognized by international sustainable accreditation body.

As for scope of this research, it will examine the internal process of CSR within what can be defined as CSR department within Thai context. This paper will identify organizational cultures and sub-cultures in relation to the process of sense-making within the scope of Central group.

For the limitation, this study will apply qualitative method to study this intricate relationship of internal organization process. Ethnography will be the main instrument to examine and acquire data from the field. The data included here may not be generalized as it is acquired from specific context and consisted of conclusive data comparing to those quantitative research with large samples.

Furthermore, in-dept empirical research that focused on single corporation may offer a better understanding. However, it is lack of a comparative examination of the similar process in other corporations. Given the limitation, this research may only be able to provide a foundation for further research in CSR internal process rather than definitive answers.

## **6. Literature Review**

Although CSR as a field of study has been extensively researched and discussed as a field of study, the discussion is still found to be lacking regarding the internal process of CSR, especially in organizational transformation of CSR. Therefore, this research aims to uncover the complexity of CSR internal process. The review of related literature is categorized into four sections: the previous study of CSR, Sensemaking and sense giving theory, and Types of CSR.

### **6.1 Past Literature on CSR**

The CSR research has been put into the forefront of academic research in light social and structural pressures. Porter and Kramer (2006) rationalize that CSR initiative by the corporate may not be entirely voluntary. They cite incidents when there were an extensive consumer boycotts on the global brand that evidently



showing irresponsible behavior in their business (Porter & Kramer, 2006). Similarly, Murphy (1978) suggested that firm's responses is also subjected to changes in relation with the general public and stakeholder's sentiment. This also shape the research direction on CSR. As Taneja and the team have identified a pattern of CSR past researches by analyzing 2305 articles with relational tools which includes: Meaning, Definitions, and Models of CSR; Factors determining CSR Initiatives; CSR in Actions; Impact of CSR on Stakeholders and Financial Performance; and Measurement of CSR (Taneja, Taneja, & Gupta, 2011).

However, Basu and Palazzo (2008) hold that the past studies on CSR documenting and inventories without understanding the precursor causes will not likely to reveal the difference between CSR. Furthermore, the previous research also overemphasized on CSR content of activities which neglecting the internal organizational factors that might trigger or shape such initiatives from the beginning (Basu & Palazzo, 2008). On the different note, Bass and Milosevic (2018) indicate the research and methodological gab in the previous study on CSR. They argue that, in the past, research has largely examined CSR through a macro-institutional perspective. This is to look at how organizations have followed the legal and societal "rules of the game". In this perspective, researchers are primarily considering (a) how institutional pressures influence organizational approaches via CSR initiatives and (b) how organizations identify and build their corporate values and identities. For them this might not be enough to thoroughly understand CSR. For them, macro-institutional view will neglect the complex relationship between business and society at large (Bass & Milosevic, 2018). By using the right methodology, particularly qualitative ethnographic study, would provide an instrument to deeper examine the complex relationship of business and society.

## **6.2 Sensemaking Theory**

In the theory of sensemaking, there are various scholarship that has been producing the definitions of the term. Therefore, there is no single agreed definition, model, and approaches to sensemaking in detail. However, on the surface level of the theory, argued by Brown, Colville, & Pye, (2015), there is a emergent of agreement what sensemaking might be. The agreed definition of sensemaking is “that sensemaking refers generally to those processes by which people seek plausibly to understand ambiguous, equivocal or confusing issues or events (Colville, Brown, & Pye, 2012; Maitlis & Christianson, 2014; Weick, 1995)” The process of understanding has enable decision makers to foster a cognitive map of their environment that there are surrounded with (Ring & Rands, 1989). In this sense, sensemaking process are internally embed in the organization cognitive and linguistic process. According to Basu and Pallazo (2008), given the mental model of sensemaking in organization which has an influence of over the way the reality is perceived within organization, the view is consistent with the constructionist approach by Karl E. Weick in the book called Sensemaking in Organizations in 1995 (Basu & Palazzo, 2008).

The framework of sensemaking theory is grounded in the key characteristic of sensemaking by Karl Weick (Weick, 1995). He argued that the seven properties are the primary guideline for the study of sensemaking. It suggests ‘what sensemaking is’, ‘how it works’, and ‘where it can fail.’ The seven distinguishing characteristics of sensemaking includes: grounded in identity construction, Retrospection, Enactive Sensible Environment, Social, Ongoing, Extracted cues, and Plausible reasoning and improvisation (Weick, 1995).

## **6.3 Types of CSR**

Geoffrey Lantos categorized CSR activities into three distinct modes by looking at nature of the initiative whether it is optional or requirement, and looking at the purposes of the initiative whether it would lead to stakeholders’ benefit, firm’s

benefit, or both (Lantos, 2001). The threefold of CSRs includes ethical CSR, altruistic CSR, and strategic CSR. The ethical CSR entails the moral obligation of the firm to correct the negative externalities they have caused toward the society to avoid harm and social injuries. On the other level, altruistic CSR involved the company beyond legal and moral obligation and expectation from the public. In this sense, Lantos argued that altruistic CSR is when the company “go beyond preventing or rectifying harms they have done (ethical CSR) to assuming liability for public welfare deficiencies that they have not caused.” Lastly, strategic CSR is when the company working toward ethical and philanthropic initiatives while considering benefits of society and its own (Lantos, 2002).

While Lantos (2001, and 2002) focused on the morality aspect of CSR, Porter and Kramer in 2011 focused on management and characterized CSR activities into two distinct types: traditional CSR and Creating Shared Values (CSV). The key characters of traditional CSR are the focused on charitable and philanthropic activities, discretionary or in response to external pressure, separate from profit maximization, agenda determined by external reporting and personal preferences, and impact is limited to corporate footprint and CSR budget. On the other hand, the key characters of traditional CSV are focused on shared value creation, embed as integral part of company’s strategy, part of profit maximization, fixed agenda and internally designed, and the realignment with the entire company budget (Porter & Kramer, 2006).

## **7. Methodology**

This paper aim to provide understanding on managerial and internal process of CSR in the company. It will particularly examine the role of role of stakeholders toward the process of transformation from altruistic CSR to strategic CSR through the sensemaking process theory which looking at three aspects: cognitive, linguistic, and conative. To put it into simpler term, this paper desire to observe how executives, managers, employees, and project participants engage in process of understanding, communicating and operating CSR.

Research methodology chosen by this paper is qualitative in order to be able to understand the internal process of the firm. This method of studies would facilitate the aim of this paper in exploring the phenomenon happening in closed context. Furthermore, it also provides the ability to use in-dept and variety of data sources.

Single case study research will be applied. This type of case study research, as argue by Dhanda (2013), has the potential to deal with different types of context, may it be simple or complex one. While situated in the field, it would allow researchers to constantly review what one has observed and constantly ask “how” and “why” it happened (Dhanda, 2013). Furthermore, given the number of case study accounted, it would let the researcher to have more time dive deep into the phenomenon.

The source of this research will be primarily from Central Group. The reasons that the company is selected for the study are as follows. First, Central Group is one of the leading companies and has a long history of implementing their CSR in the organization. The company has been recognized by domestic and internal agency that have been dealing with CSR and sustainability. Second, Central Group is a retail business which heavily rely on their corporate brand image and their relation to the society. For this reason, CSR has inevitably become an integral part of the company’s strategy. More importantly, Central Group is under the process of transformation from the traditional CSR to the strategic CSR. Finally, from prior experience with the company, trust and cooperation was already pre-established. The company is willing to provide an extensive information and allow the researcher to observe the phenomenal in their respective company.

The data collection will be divided into 2 phases: textual and documentation collection and participated observation in the field. The textual and documentation collection will serve as the foundation of researcher understanding of historical backgrounds of the company, and CSR development. As for participated observation, it will let the researcher involve and make the primary reporting of the situation.

## **8. Findings and Expected Results**

### **8.1 Central CSR Principles**

There are several ideas that constitute the core principle of Central CSR. These ideas were found in company annual reports, company's communication, and formal and informal conversations. The core idea includes Central Group Principle from the opening of the company, Sustainable Development Goal of UN, and Sufficiency Economy by King Rama the 9<sup>th</sup>.

### **8.2 Past practice of Central CSR**

There is common characteristic of the past practice of Central CSR. One of the managers described that there are three common themes of previous Central projects. The first theme was most of the project are short-term. As evident in the previous report, most of the projects were mostly one-time project with no evaluation or continuation. For instance, the company had been given the infrastructure such as library, or school building, may or may not be on the request of the school, and left. Essentially, these projects are only for one-time photo opportunity and for the sake of giving. Second theme is it was too focus on particular group of people which create low engagement and low impact. Lastly, in the past Central had focus on doing as much as they can to generate the number of CSR projects hoping that people would recognize what Central has done. For example, one of the staff who have been working with Central for more than ten years said that "in the past we are so determine to help as many schools as possible. So, we went to one school after another. Once, once we are done, we move to another school. We never track or evaluate the progress the school have made." This is coincided with the sentiment when talked to the management and other employee about the past practice of Central Group. They all said that there was not much impact, and something has to change.

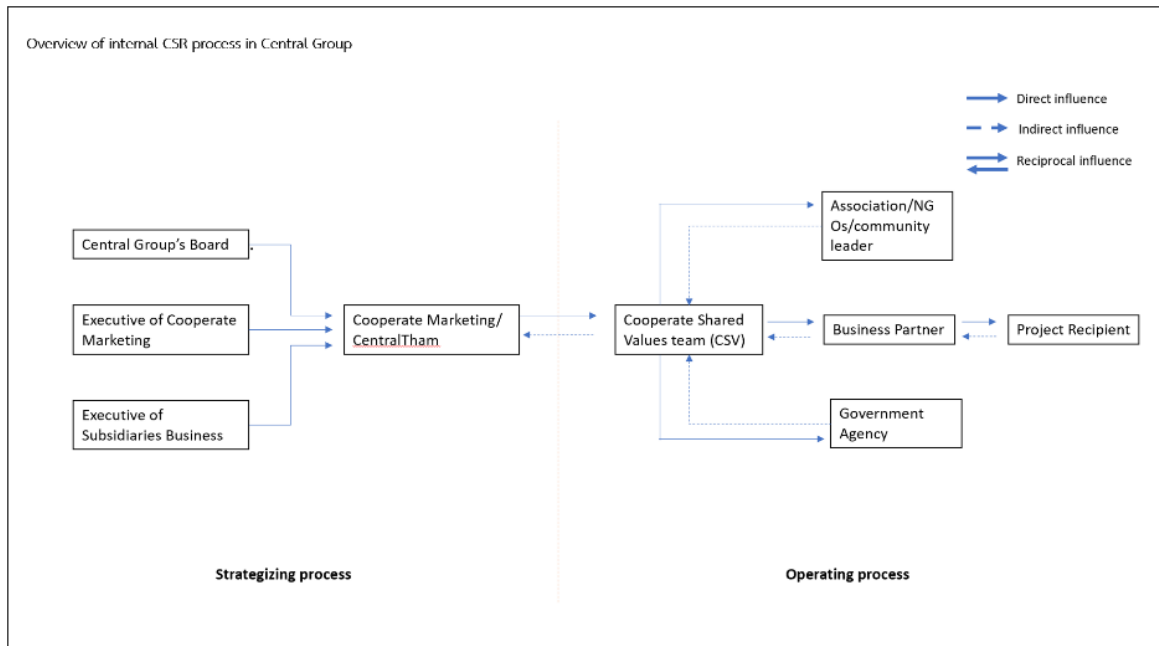
### **8.3 Point of Transformation**

In October 2016, Central Group had announced the restructuring of their organization. There were some positional changes that had an impact toward CSR practice within the company. Central Group executive in Communication, Marketing, and CSR, a new position, was assigned to Pichai Chirathivat former CEO of COL. The group has also appointed a former governor of Bank of Thailand (BOT), Prasarn Trairatvorakul as an advisor to Central Group Sustainable Department. The two figures have play important in leading the new era of CSR activities in Central Group. At Central Group 70 year's anniversary in 2018, one of Central executive in charge of CSR, Communications and Group marketing said that "aside from renovating the mall and promotional campaign to satisfy our customers, Central Group aims to bring the prosperity and growth to the community as well. Our new direction is no longer using the framework of Corporate Social Responsibility (CSR). We are moving beyond to create a shared value to community and as well as our organization. We believe that this would bring a sustainable development in the long run(Prachachat, 2017)."

In summary, there are criteria that have been set by the company to differentiate traditional CSR and the strategic CSR projects. The chief aim of Central Group's CSR is to have the project that enable high engagement and has high impact on society. According to articulated foundations of idea of what should be the DNA of Central Group criteria from the new management structure, it could be divided into two sets of measurements: operational and impact. In operation, CSR activity should be able to utilize company's core competency, create business opportunity and mutual benefits, and able to address social needs. As for the impact, CSR project should be sustainable and focus on the long-term benefits, the content and detail of the project should be prioritized rather than the number of projects, and it needs to make sure that everyone in the company's value chain are mutually benefited.

## 8.4 Internal Process of Central CSR

Figure 1: Overview of internal CSR process in Central Group



The research took place at Central Group's sustainability department to conduct an observation study on the internal CSR process. The finding shows that CSR process in Central Group could be divided into two interrelated process: strategizing process and operating process. In the strategizing process involves Central Group's board of directors, executive of Cooperate marketing, executives from the subsidiaries business of Central Group, and Cooperate marketing or CentralTham's team. Most of the actors in this process play significantly impact CSR project in the company through CSR's principle and guideline. Equally important, the cooperate marketing team, consisted of middle managers who report directly to the top executive, play role in strategizing CSR project within the company. Their role also include an constant communication with the operating team to translate the idea into the practical projects on the ground.

The second process is the operating process which consisted of the employee, government agency, Non-governmental organization, community/organization leaders, business partners, and project recipients. In this process, Central Group's CSR agents are playing a critical role in taking the strategic ideas from the management and Central Group team to bring the project into operation. They are also responsible for dealing with the business partners, government agency, and project recipient.

## **9. Expected Outcome**

To address the research question, the preliminary result will be presented in this section. According to the aims of this research is to uncover the complexity of CSR's internal process in the chosen case study, Central Group, by looking at management and institutional factors which effecting the transformation from traditional CSR to strategic CSR. The findings reveal that Central Group has not been able to fully transform their CSR project into the strategic CSR, or what internally called "CSV". According to sensemaking theory, there are factors that hindering the successful sensemaking and sensegiving process. Firstly, conflicting message derived from the distinction of top management idea and action produce a confusion in the operation level. This happened when the top management has an idea to transform CSR into strategic CSR project, while continuing to organize traditional CSR. Secondly, the ambiguity of message effected how employee in the operating level implement the project. Lastly, grounded identity of the individuals and organizations in the CSR process also shape prospect of CSR.



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