



# The effects of Corporate Social Responsibility on the energy sectors of Thailand under the influence of ASEAN CSR Network

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## Introduction

Corporate social responsibility (CSR) is indeed an extension of sustainability that focuses on the three main factors associated with both individuals and firms: economic, environmental, and social aspects. CSR is a voluntary approach taken by companies to integrate social and environmental concerns into their business operations and interactions with stakeholders (ASEAN CSR Network, 2023).

The economic aspect of CSR pertains to a company's commitment to generating profits and providing a return on investment to its shareholders. It includes responsible financial management, ethical business practices, and contributing to economic development in the communities where the company operates (ASEAN CSR Network, 2023).

Sustainability reporting is a crucial tool for companies to communicate their CSR efforts and performance to stakeholders, which can include shareholders, customers, employees, regulators, and the public. This reporting typically includes information on a company's environmental initiatives (such as carbon emissions reduction), social programs (like employee volunteerism or community investments), and economic performance (such as financial stability and growth). It allows stakeholders to assess a company's commitment to long-term values and sustainability goals, as well as its alignment with a sustainable economy.

There exist several studies analysing the relationship between CSR and its determinants. To name a few - Impact of organisation culture and CSR by Deng and Hu (2010), P and Nidheesh (2020) performed a study on an empirical investigation on firm characteristics determining corporate social responsibility (CSR) disclosure and its subcategories such as environmental, social and governance disclosures. Yunis and Khan (2019) considering a firm's components like firm size, profitability, financial leverage, bank age, audit firm size and bank visibility as CSR determinants. Liu et al, 2017 mentioned relationship on CSR for employees and their work engagement.

This reporting often adheres to internationally recognized frameworks and standards, such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) standards, to provide consistency and

comparability across companies and industries. Ultimately, it helps companies build trust, attract socially conscious investors, and demonstrate their dedication to creating a more sustainable and responsible business environment.

There are growing number of CSR Networks and NGO's like ARISE- Central American Integration Network for Corporate Social Responsibility alliance, ACN - Southeast Asian countries CSR Network, iMPACT direct - connects a large group of donors to underfunded African non-profits and CSR Europe - The European Business Network for Corporate Sustainability and Responsibility.

While there is a global push with increased awareness on corporates' responsibility towards society and environment, at the regional level there are limitations especially in the developing countries. Impact of associations and standards on the firms CSR disclosure is the objective of this study.

## Literature Review

**The construct of ASEAN was formatted by** Singapore, Malaysia, Indonesia, Philippines, and Thailand - the five countries joined hands to form the Association of Southeast Asian Nations, or ASEAN. ASEAN was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration. **These five countries are the Founding Fathers of ASEAN.**

It is a political and economic union of 10 member states in Southeast Asia, to promote intergovernmental corporation and facilitates economic, political, security, military, educational, and sociocultural integration between its members and countries in the Asia-Pacific (Wikipedia, 2023).

The theory of CSR could be distributed into two factor theories: Internal factor ,also known as resource based theory and external factor , popularly known as Institutional Theory

In the CSR theoretical framework developed by Taghian (2008) - CSR is a core intangible dynamic resource. When adopted as a business strategy, CSR, potentially, provides a framework for the selection and adoption of other tangible and intangible organisational resources - Resource Based View (RBV).

According to Andrews (1971), to analyse the strengths and weaknesses of a company, the resource-based view can be used and for any opportunities and threat, the strategic positioning approach. The resource of a company determines how well equipped the firm is to accommodate a new demand, technology, requirement, or strategy. Thus, enables to determine the strength or weakness of the firm amidst its market leaders and competitors (Rugman and Verbeke, 2002).

An organisation resource is difficult to predict given 1. the skills are rare 2. the path of the firm is unclear 3. ideas imply a change in firm culture or structure (Bowman and Ambrosini, 2003). At the same time resource are important to convert raw inputs to obtain desirable output. The outputs can be tangible or intangible resources.

Mathews (2002) mentions that a company can achieve its vision through resources. Thus, resource forms a basic building block for all the inputs that can be converted to a desirable output. This includes resource to be trained with the right skill set to procuring devices and building desirable path for the organisations vision. These resources and vision are then translated to strategies. We can't have these defined as generic, as every firm has its own path for growth and development. Thus, the resources and its capabilities should be developed as a management task and consumed at its strategy.

An institutional theory is different from organisational theory. An institutional theory gives norms and frameworks for an organisation to follow and grow in the path of being legitimate (Study.com, 2020). An organisation tries to improve upon its strategy to match the expectations from institutional theory (DiMaggio and Powell, 1983).

The Japan - ASEAN Solidarity Fund and the ASEAN Foundation supported the origin of the ASEAN CSR Network (ACN). It was established on 8 December 2010. This network operates at the regional level and provide an avenue for collaboration and cooperation of the participating nations, supports capacity-building and training activities, helps to rally collective action on key issues, and provides a link with regional and international bodies interested in supporting the advancement of CSR in the region (ASEAN CSR Network, 2023).

Under the ASEAN Socio-Cultural Community blueprint, a document signed by all of ASEAN's heads of states, 'Promoting Corporate Social Responsibility (CSR)' is identified as an integral strategy in ensuring sustainable and inclusive socio-economic development in ASEAN. In 2014, ACN obtained charity status as an International Charitable Organisation (ICO) with effect from 1 July 2014 and in 2017, ACN received its accreditation as an ASEAN accredited entity (ASEAN CSR Network, 2023).

The ASEAN CSR Network is a regional organisation composed of CSR networks and business chambers. The founding organisations upon its inception in 2011 were:

- Indonesia - Indonesia Business Links
- Malaysia - International Chamber of Commerce - Malaysia
- Philippines - League of Corporate Foundations
- Singapore - Global Compact Network Singapore
- Thailand - CSR Club of the Thai Listed Companies Association

ASEAN - ASEAN Foundation

## Research Gaps

The theoretical aspects of CSR were introduced, and the three theories were discussed. The legitimacy theory, stakeholder theory and agency theory are the three main theories of CSR. Several influencing factors play a crucial role in shaping a company's approach to CSR, and two prominent theories that influence CSR are stakeholder theory and the instrumental theory. The idea of this study is to understand the impact of ACN on CSR within the energy sector of Thailand.

## Research objectives

The primary objective of the study was to understand the intervention of ACN on Corporate Social Responsibility in the energy sector of heart of Southeast Asiatic region, Thailand.

## Research Methodology

The study is based on secondary research ,in which we have tried to analyse the content through statistical tools. To measure the CSR score, Content analysis, a data/text scan process where the presence of certain words, themes, or concepts within some given qualitative data is conducted (Columbia, 2019). In this study, conceptual analysis is used on the annual report of all selected organisations. CSR criteria check-list is the basis against which the annual report is analysed, and weighted scores are assigned for a company's CSR score. This score is then used for statistical analysis of economic, social, and environmental contribution.

The methodology used is Descriptive Statistics. With this method, the data is analysed, and the analysed data is displayed or summarized in a meaningful way such, hence, the CSRD score is calculated via the descriptive statics analysis method. There are two general types of content analysis: conceptual analysis and relational analysis. Conceptual analysis determines the existence and frequency of concepts in a text. Relational analysis develops the conceptual analysis further by examining the relationships among concepts in a text. In this study, conceptual analysis is used on the annual report of all organisations considered to analyze and quantify scores for a company's CSRD based on the CSR criteria checklist which then is used for statistical analysis. economic, social, and environmental contribution (Chan et al., 2014). Since the annual report is of key interest to shareholders, the accuracy of the information is reliable. According to Costa et al., (2013), stakeholders' interest and awareness of CSR is recognised by organisations, hence CSR information is disclosed as a part of annual report.

## Findings

The thirty energy firms selected provide energy products and services in Thailand and are ACN members. The annual reports published in The Securities and Exchange Commission (SET), Thailand website. Based on the GRI standards for energy sector in economic, social and environment the 75 sub-categories are identified, that covers the social, economic, and environmental aspects of human rights. The annual report is published for the energy firms are analysed to identify the response captured for the 75 sub-criteria items. Where there is a valid response identified in the annual report a score of 1 is assigned, and if not 0. Also, if there is no annual report available for a particular year, a score of 0 is assigned to all categories.

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Of the selected sample energy firms, 6 of 30 joined ACN after 2017 and 24 of 30 are a part of ACN before 2017. Within the 24 firms not all firms presented the annual report regularly before 2017. However, it is observed that post 2017 after the accreditation of ACN, till date, every year the annual reports are published in The Securities and Exchange Commission (SET), Thailand website. Doing the content analysis, the CSRD score for each sample company from the years 2014-2016 and 2018-2020 is obtained. In total there are 2250 observations repeated for 6 individual years.

Table 1.1 Scores for the three categories within 2014-2016 and 2018-2020

Company code	ECO - 2014-2016	ECO - 2018-2020	ENV - 2014-2016	ENV - 2018-2020	SOC - 2014-2016	SOC - 2018-2020
ACC	2	17	4	29	14	21
BAFS	4	5	21	20	9	9

Company code	ECO - 2014-2016	ECO - 2018-2020	ENV - 2014-2016	ENV - 2018-2020	SOC - 2014-2016	SOC - 2018-2020
BANPU	6	11	0	22	9	9
BCP	12	23	48	52	14	23
BCPG	0	27	16	41	0	32
BGRIM	0	11	2	27	0	27
BPP	0	20	0	36	0	28
CKP	7	10	15	4	9	9
EA	9	29	3	66	18	57
EGCO	21	24	0	24	72	46
GPSC	4	15	0	39	8	23
GULF	0	19	0	22	0	20
GUNKUL	13	15	4	14	33	39
IRPC	16	19	13	15	15	27
LANNA	2	12	4	11	2	21
PTG	18	34	13	53	27	49
QTC	6	8	4	45	33	19
RATCH	10	11	0	27	35	36
RPC	7	6	22	4	6	6
SCG	2	13	0	39	8	19
SCI	2	6	0	1	2	12
SCN	0	23	10	35	0	35
SGP	2	4	0	3	4	11
SOLAR	2	6	13	0	9	9
SPCG	0	3	24	6	12	9
SUSCO	6	0	54	0	7	0
TCC	8	13	13	12	9	9
TOP	7	8	0	16	8	18
TTW	2	8	0	10	14	32
WHAUP	0	18	0	28	0	36

Analysing the CSRD scores, within the economic category - the 6 firms (BCPG, BGRIM, BPP, GULF, SCN, WHAUP) joined ACN after 2017, have a decent score on details within the timelines 2018-2020. One firm (SPCG) with presence in ACN before 2017, has 0 score for CSRD for the timelines 2016-2018. Interestingly one other firm (SUSCO) score had reduced in 2018-2020 compared to 2016-2018

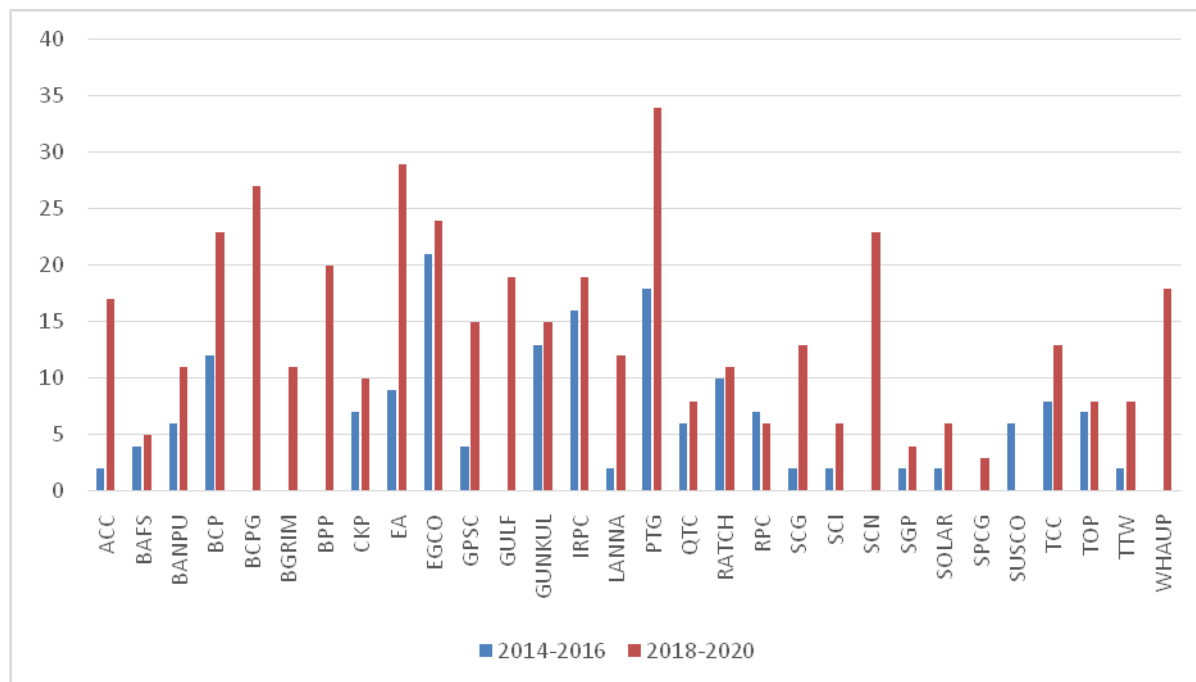


Fig 1.1 Economic category CSRD score for 2014-2016 and 2018-2020

Analysing the CSRD scores, within the environmental category - the 6 firms (BCPG, BGRIM, BPP, GULF, SCN, WHAUP) joined ACN after 2017, have a decent score on details within the timelines 2018-2020. Six other firms (CKP, LANNA, SCI, SGP, SOLAR, SUSCO) with presence in ACN before 2017, has 0 score for CSRD for the timelines 2016-2018. Interestingly four firm (SUSCO, SOLAR, TCC, TTW) score had reduced/no change in 2018-2020 compared to 2016-2018.

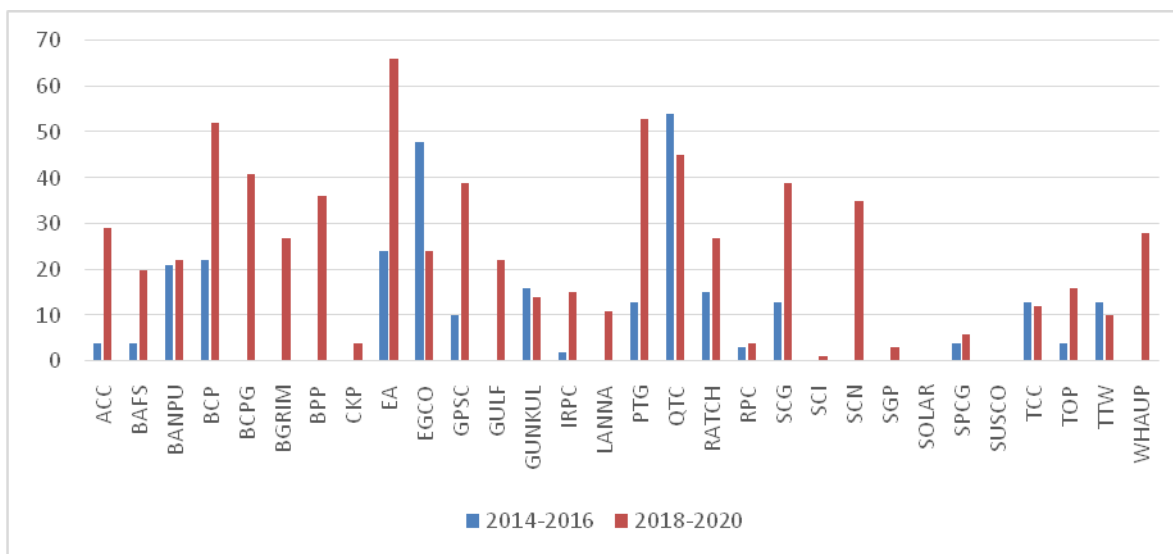


Figure 1.2 below, provides information on the CSRD declaration on environmental category

Figure 1.3 below, provides information on the CSRD declaration on social category. Analysing the CSRD scores, within the social category - the 6 firms (BCPG, BGRIM, BPP, GULF, SCN, WHAUP) joined ACN after 2017, have a decent score on details within the timelines 2018-2020. All other firms with presence in ACN before 2017, has non-zero score for CSRD for the timelines 2016-2018. Interestingly three firms (EGCO, SPCG, SUSCO) score has reduced in 2018-2020 compared to 2016-2018.

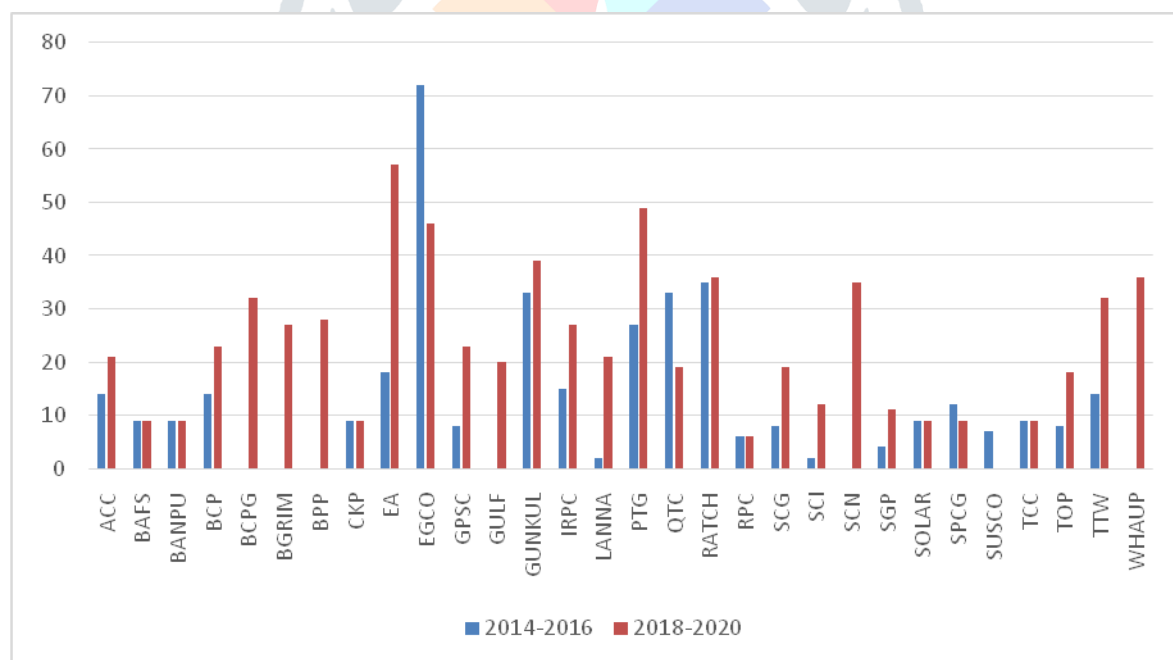


Figure 1.3 Social category CSRD score for 2014-2016 and 2018-2020

The figure 1.4 below, provides the overall score of sums with the three categories - economic, environment and social for the year 2014 - 2016 and 2018 -2020. Analysing the CSRD scores, within the overall category - the 5 firms (CKP, RCP, SOLAR, SPCG, SUSCO) score has reduced in 2018-2020 compared to 2016-2018. However, the score for each the three

categories has increased in 2018 -2020 compared to 2014 - 2016, including the overall score. With the highest level of change in the economic (148%) category, followed by environmental (147%) and then social (83%).

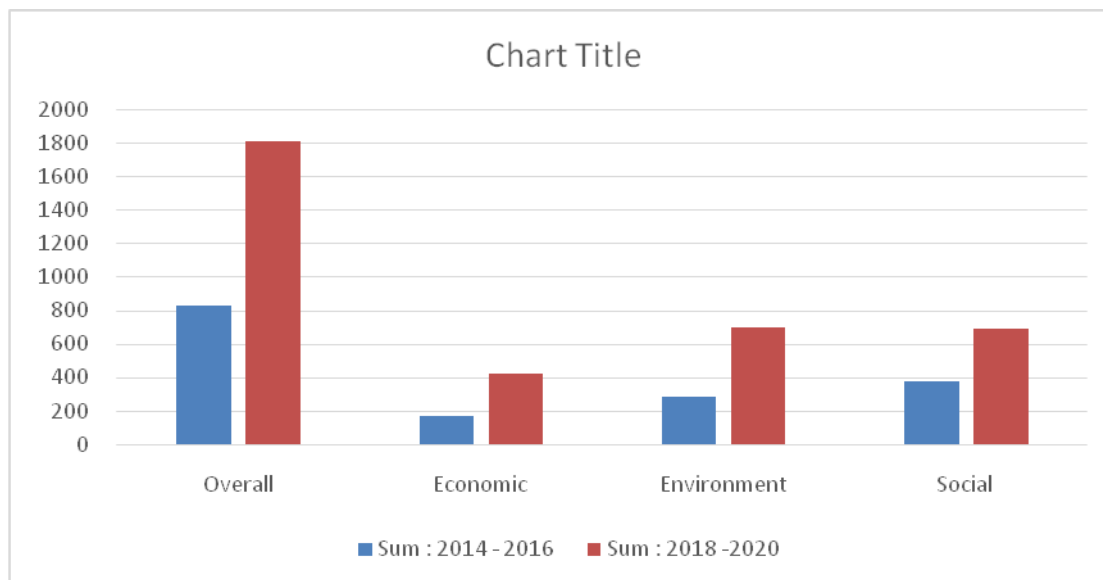


Figure 1.4 Overall CSRD score for 2014-2016 and 2018-2020

## Discussion and Conclusions

This study has examined impact of ASEAN CSR network on CSR within the energy sector in Thailand. The annual report is published for the energy firms are analysed to identify the response captured for the 75 sub-criteria items as listed in the GRI standards. A total of 2250 observations were repeated for 6 individual years, as a part of the content analysis in the annual reports for 30 selected firms. Doing the content analysis, the CSRD score for each sample company from the years 2014-2016 and 2018-2020 is obtained. The scores are listed by three categories - Economic, Environmental and Social.

Analysing the CSRD scores, within the economic category - the 6 firms (BCPG, BGRIM, BPP, GULF, SCN, WHAUP) joined ACN after 2017, have a decent score on details within the timelines 2018-2020. One firm (SPCG) with presence in ACN before 2017, has 0 score for CSRD for the timelines 2016-2018. Interestingly one other firm (SUSCO) score had reduced in 2018-2020 compared to 2016-2018. Analysing the CSRD scores, within the environmental category - the 6 firms (BCPG, BGRIM, BPP, GULF, SCN, WHAUP) joined ACN after 2017, have a decent score on details within the timelines 2018-2020. Six other firms (CKP, LANA, SCI, SGP, SOLAR, SUSCO) with presence in ACN before 2017, has 0 score for CSRD for the timelines 2016-2018. Interestingly four firm (SUSCO, SOLAR, TCC, TTW) score had reduced/no change in 2018-2020 compared to 2016-2018. Analysing the CSRD scores, within the social category - the 6 firms (BCPG, BGRIM, BPP, GULF, SCN, WHAUP) joined ACN after 2017, have a decent score on details within the timelines 2018-2020. All other firms with presence in ACN before 2017, has non-zero score for CSRD for the timelines 2016-2018. Interestingly three firms (EGCO, SPCG, SUSCO) score has reduced in 2018-2020 compared to 2016-2018.

Calculating the overall score of the CSRD sum for the 30 energy firms between 2014-2016 and 2018-2020, the 5 firms (CKP, RCP, SOLAR, SPCG, SUSCO) score has reduced in 2018-2020 compared to 2016-2018. However, the score for each



the three categories has increased in 2018-2020 compared to 2014-2016, including the overall score. With the highest level of change in the economic (148%) category, followed by environmental (147%) and then social (83%).

Comparison	Sum: 2014 - 2016	Sum: 2018 -2020	Percentage change
Overall	828	1810	118
Economic	168	418	148
Environment	283	701	147
Social	377	691	83

Table 1.2 Sum of CSRD score for all categories

In a public statement by ACN and CGIO NUS (2018), the highlight of the theme is “development in revelation on business integrity across all five ASEAN countries”, it is established that Thailand had that maximum discovery rate of 67 per cent in 2018 matched up to other ASEAN countries, proving Companies from Thailand, where legislation necessitate the confession of fulfillment and lucidity, fared time after time with better companies from other ASEAN countries. This supports with the study explained in this research where it is proven a higher percentage of changes in CSR disclosure meeting global standards. Additionally in another report published in Loh and Thomas (2018), under the title “Sustainability Reporting in ASEAN Countries”, study was commissioned to assess the sustainability reporting across five ASEAN countries, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. This CGIO study examined sustainability reporting based on reporting principles regarding sustainability and business models, performance measurement, stakeholder engagement and external assurance. The results of this study concluded that the highest disclosure was on economic category. Thus, the results of the CGIO discusses on economic, environmental, and social with highest economic aligning with the evidence provided in this study. Thus, conclude that there is a positive influence by ACN on the CSR disclosure of Thai listed energy sectors.

### Limitations of the study

- (i) The sample study is limited to the period before and after accreditation of ACN in 2017, whereas a large dataset was left in considered.
- (ii) The study was focused mainly on the contents of the annual reports. Firms may also use other forms to declare the sustainability information like financial report, company website, environmental report, newspapers. Annual report is the selected source for this study.
- (iii) The study is conducted only on a sample of 30 energy firms that are a part of ACN network, with the overall count being 50. Other industries like Real Estate and Construction, Technology Group, Financial Business Group.

## Scope of research

The study could be extended to the other areas of Thai Associated Companies to understand the impact of ACN. Areas include industries like Real Estate and Construction, Technology Group, Financial Business Group, Industrial Products, Service Group etc. Include a wider period before and after ACN accreditation.

The CSR determinants could be measured through a weighted approach based on quality of the data from various resources like company annual report, newspaper, company website, financial statements, sustainability report, interim report etc.

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