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Best Practices in CSR: German Firms in the Philippines and Thailand-based Companies

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SOCIAL RESPONSIBILITY

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ABSTRACT

This AIM Working Paper compares the corporate social responsibility (CSR) practices, programs, strategy and structure of German Firms in the Philippines and companies based in Thailand, identifying similarities and differences between the two sets of companies. The output will drive future research of the Asian Institute of Management Ramon V. Del Rosario Center for Corporate Social Responsibility (AIM RVR CSR). The paper is divided into five sections, beginning with (1) the introduction, (2) followed by an enumeration of the firms' programs and (3) a description of its strategies and structure. It briefly discusses (4) the impacts of these programs, as well as a key issue faced by the Thai companies, and concludes with (5) lessons learned.

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INTRODUCTION

In line with the theme of the 2012 Asian Forum on Corporate Social Responsibility, which is “Innovative Approaches to Create Value for Business and Society,” the Asian Institute of Management Ramon V. del Rosario Sr. Center for Corporate Social Responsibility (RVR CSR Center) held the first in a series of Executive Conversations at Bangkok, Thailand. It aimed at “eliciting the opinions of Thai executives regarding their companies’ CSR practices and to share insights together.”

That same year, the RVR CSR Center, together with the German-Philippine Chamber of Commerce and Industry, Inc. (GPCCI) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) jointly produced a note entitled Best Practices in CSR among German Firms in the Philippines.

The German respondents were Argonauta Boracay; BASF Philippines, Inc.; Bayer Philippines, Inc.; Continental Temic Electronics (Philippines), Inc.; German European School Manila (GESM); Lufthansa Technik Philippines; Schenker Philippines, Inc.; and TÜV Rheinland Philippines, Inc. These companies received ten questions prior to the interview with CSR managers and executives (see Appendix 1). A brief description of each company and profiles of the respondents from each firm are provided in Appendix 2.

Respondents from Thailand were executives from Aditya Birla Group; Ananda Development PCL; Bangchak Petroleum Public Company Ltd.; B. Grimm Group; Bangkok Bank; Citibank, N.A., Thailand; Double A PCL; Habitat for Humanity; Microsoft; Minor International PCL; Mitr Phol Sugar Company; Nichiworld Co., Ltd.; Saint John’s University; Sasin Centre for Sustainability Management; Siam City Cement PCL; and Thai Military Bank. Appendices 3 and 4 provide the background information on the questions asked, the executives’ profiles, and information on the Thailand companies.

The responses of eight German and seventeen Thailand companies provide the content of this working paper that highlights insights and findings in the context of these companies’ (CSR) strategies, structure and programs. Although data gathering for the two sets of companies were approached differently (and the two were given different sets of questions), this paper shall compare and contrast the CSR initiatives of these widely diverse companies. It begins by enumerating the programs of the German Firms, then of the Thailand Companies, and follows

with a discussion on its strategy and structure, the impacts of the German companies’ CSR initiatives, and a key issue that Thai companies faced. Lessons learned and observations from the facilitators (for Thai companies) shall form the last part of this working paper.

I. PROGRAMS

GERMAN FIRMS (PHILIPPINES)

Generally, CSR initiatives of participating German firms revolve around four broad programs:

1. An overarching focus on Environmental Sustainability
2. Initiatives for and by employees (Ethics of Care)
3. Community Engagement
4. Demonstration of Multiple Modes of Intervention

<ul style="list-style-type: none"> • Environment and Energy • Health and Safety • Disaster Relief (typhoons and floods) • Education and Training 	<ul style="list-style-type: none"> • Goods (Products and Equipment and (Employee) Services • Funds (Local and HQ, Partners, Foundations) • Employee Involvement: Time and Project Selection • Philanthropy, Charitable Donations, Awards • and the “SOP” of Company Initiated CSR Projects
<ul style="list-style-type: none"> • Environment-Focused • Multi-Tasking • Integrated Programs 	

Table 1 outlines each respondent’s programs grouped into five categories. Four categories – education, disaster relief, environment and health – are common to the German firms. The fifth category, labeled as “others”, contains programs that do not fall under the four broad areas. Table 2 indicates what each firm’s focus is, where their funds for CSR come from, and how their employees are involved in their initiatives. Other relevant notes are written in the last column.

Table 1. Typology of CSR Programs of German Firms in the Philippines

	EDUCATION	DISASTER RELIEF	ENVIRONMENT	HEALTH	OTHERS
ARGONAUTA	Proper waste disposal workshop and garbage segregation for 6-12 year old children; Donating to the local school to buy sports equipment for school's sportsfest			Feeding programs for local children and families	Building an access road to the resort; Supporting Discovery Shores
BASF PHILIPPINES, INC.	"Kids' Lab"; Scholarships for college; Maintaining an agricultural research institute in Laguna; Adopting Paciano Elementary School	Donating money to Red Cross after Typhoon Sendong	Involved in National Greening Program; Tree planting activity involving employees and their families; Cleaning rivers		'Responsible Care' Program; Membership to the SPIK or <i>Samahan sa Pilipinas ng mga Industriyang Kemikal</i>
BAYER PHILIPPINES, INC.	Bayer Crop Science Scholarship Program; Bayer Academy; Farmer's education;	Disaster Response via ABS-CBN Foundation; Financial Assistance to company employees	Bayer Young Environmental Envoys (BYEE); San Cristobal River Enhancement Defenders (SACRED);	Bayer-nihan sa Kalusugan; NexPAP (Patient Access Program); Project Pink	'Responsible Care' – Safety Programs at the Canlubang Plant; Bayer Child Protection Program
GERMAN EUROPEAN SCHOOL MANILA	Installed solar panels and provided tables and chairs in a school in Zambales	Ondoy disaster response and relief; Response to the light plane that crashed in Better Living, Parañaque;	Tree planting; Beach cleanup in Batangas;		Students' 'Spaghetti Party' for informal settlers near campus; CAS in school's curriculum; Students' interaction with kids in the slum areas
LUFTHANSA	Focused on public elementary schools' repair and construction; Donating money to purchase armchairs for schools in Ilocos	Disaster response and relief by Lufthansa's mountaineering club			Needs-based donations to beneficiaries (e.g., Kythe)
SCHENKER	Scholarship provisions		Planting trees; Generating livelihood in the local community; Resource conservation		Benevolence box; Discussions to support "Liter of Light"
TÜV RHEINLAND PHILIPPINES, INC.	Taking on-the-job trainees (OJTs) as part of partnership with DTCFI				ConservePhil, Robust Phil, EquipBPO, ProFit, PHI; Trainings for awareness

**Table 2. CSR Programs of German Firms in the Philippines
(Focus, Employee Involvement and Funds)**

	FOCUS	EMPLOYEE INVOLVEMENT	FUNDS	*NOTES
ARGONAUTA	Supporting local community and local culture	Brainstorming with employees	Personal expense	Personal and corporate initiatives overlap
BASF PHILIPPINES, INC.	Promoting Science Education, Sustainability and environment;	Involving employees and their families in tree planting	Collection with matching amount from the company	Water as key long-term concern of BASF CSR
BAYER PHILIPPINES, INC.	Sustainability	Bayer Employees Involvement (BEIN)		
CONTINENTAL TEMIC ELECTRONICS (PHILS.)				Stakeholders include company employees and service providers, the community, the government and NGOs
GERMAN EUROPEAN SCHOOL MANILA		Extensive student involvement; Teachers mobilize then students finish	From the money won for a competition in Berlin; 100k school budget; Generosity of kids and parents Fundraising efforts	“German authorities do not have a CSR program, it’s only here in the Philippines; To explain their main CSR Project: <i>“Pag may emergency, go”</i> ”
LUFTHANSA	Public Elementary schools’ repair and construction	Proponents are employees (the opportunity to propose projects)	Collection with matching amount from company; USD250K initial fund plus a donation from Lufthansa in Germany	61 projects in 5 years CSR is a partnership between company and its employees
SCHENKER	Sustainability	Voluntary; May suggest sustainability projects		DB2020 to harmonize the economical, environmental and social aspects to create a successful enterprise; No clear target but forms direct and individual programs
TÜV RHEINLAND PHILIPPINES, INC.	Mass awareness programs		Funds from the donor agency; Counterpart funds; Contributions	

The CEO of Argonauta in Boracay considers CSR as a matter of “personal importance” and as a “good neighbor policy,” hence, programs are geared to support the local community. CSR initiatives include a two-phase project on proper waste disposal and garbage segregation, feeding programs for local children, building an access road to a resort relevant to the community, and donating money to support a local school’s sports fest. In Argonauta, employees are involved in both the planning and implementation of projects. CSR projects of Argonauta are funded with the personal expenses of the company’s CEO.

In contrast, the programs of BASF Philippines, Inc. represent a transition from programs geared towards the environment and community-based programs from the time that the company still had on-site operations. Since BASF is now an indent company, their focus has shifted towards education. Its signature program is *Kids’ Lab*, an interactive chemistry education for children aged six to twelve years of age, meant to raise their interest in science and chemistry through fun-filled and creative experiments. The company also provides college scholarships in Agriculture and supports an agricultural research institute. BASF’s Water and Sanitation for Hygiene program (WASH) adopted Paciano Elementary School – rehabilitating its canteen and toilets, and providing pumps and a water source. Although its focus is primarily on education, the company also continues to support the environment through involvement in the government’s National Greening Program, where it committed to plant 50,000 seedlings over the next 10 years in Laguna and to look after the reforested area. The tree planting project involves employees and their families. The Responsible Care Program, on the other hand, is an industry-specific, global program that covers environmental protection and safety. When the company donated money to the Red Cross after Typhoon *Sendong* (TS Washi), it generated funds through collection from employees with matching amount from the company.

According to Bayer’s Corporate Communications Manager, Mr. Reynaldo Cutanda, Bayer has more than three hundred projects together with other partner institutions. Although a pharmaceutical firm, Bayer avoids the usual “medical mission” project and instead carries out its CSR flagship program, which is the Bayer Young Environmental Envoys (BYEE) – the longest running youth environmental program in the country, conducted in partnership with the United Nations Environment Program (UNEP). The following are the other CSR Programs of Bayer Philippines, Inc.:

1. **Bayer-nihan sa Kalusugan** – a health care service delivery project targeting far flung rural areas in the country (began in 2008 but stopped in 2010), conducted in partnership with ABS-CBN and UP Manila medical students (from Mu Sigma Phi Fraternity).

“We try to shy away from the medical mission thing, as a pharma[ceutical] company. Almost every day we get request for medicine, donations for medical missions of different entities. But we refuse to give, because we don’t want to just shove into people’s throats the medicines that we have. We want a baseline study of the illnesses (in the community).”

2. **NexPAP (Patient Access Program)** targets the accessibility of Bayer’s oral medication for cancer and is conducted in partnership with Carewell Foundation.
3. Patient support groups (**Project Pink**)
4. **San Cristobal River Enhancement Defenders (SACRED)** is Bayer manufacturing plant’s CSR program in Canlubang, Laguna. It is done with other locators in the industrial zone and is set up as a council that oversees wastewater discharge. SACRED is conducted in partnership with the Laguna Lake Development Authority.
5. **International children’s painting competition** is open for nine to thirteen year-olds. Last year, a Filipina won the competition out of four million entries for the theme, “Life in the Forest.” During Bayer’s awarding ceremony, the Department of Energy and Natural Resources also presented her with a college scholarship.
6. **Disaster response** – Bayer donated money and medicines to victims of typhoons *Sendong* (Washi) and *Ondoy* (Ketsana) through the ABS-CBN Foundation, and provided financial assistance to company employees who were flooded during the recent heavy monsoon rains.
7. **Safety programs at the Canlubang plant** include Global Bayer Safety Day, Bayer’s Health, Safety and Environment Council, and safety audits as part of Responsible Care.
8. The **Bayer Crop Science Scholarship program** is for children of farmers who are pursuing degree in Agriculture. The program currently has five scholars.
9. **Product stewardship for Bayer Crop Science** and farmer’s education through the *Bayer Academy*.

10. Through the **Bayer Child Protection Program**, the company actively ensures that none of its operations, as well as those of its partner farms and other suppliers, employ children especially for its Crop Science business.

The *BE IN* (Bayer Employees Involvement) encourages company employees to be part of these CSR initiatives since programs in Bayer do not rely heavily on employee volunteerism.

The CSR Initiatives of Continental Temic Electronics involve humanitarian missions such as mobile blood donations. The company has joined the Red Cross Humanitarian Blood Services in 2007 and has recorded the highest total number of 417 volunteers, donating 2,860 bags of blood. Initiatives also include medical missions and gift-giving to the people of Barangay Lingga (Lingga village). For preventive measures, anti-flu and cervical cancer vaccinations are also part of Continental Temic's humanitarian missions. Other general programs include educational assistance, school scholarships, donation programs and an environmental protection program.

With regard to educational assistance, the company began the construction of Mother Rita Barcelo Learning School in Biñan, Laguna, to provide better staff housing for the Augustinian Sisters, and to provide a toilet for the students and a cooking area for the feeding programs. During graduation and Christmas, students, nuns and staff all participated in a gift-giving session. The Mangyan tribe in Mindoro also participates in a back-to-school gift-giving program. Their educational assistance includes the Environmental Safety and Health ESH Awareness program which instills health awareness among primary schools and forms part of the Community Relation Activity. Presently, a number of students are also given scholarships by the company. There is a total of 30 scholars in Conti University taking two-year courses in Electronics Technology, majoring in either Industrial Automation or Mechatronics, and eight students in Don Bosco College – Canlubang taking up BS Information Technology with a matching two-year IT apprenticeship program in Continental.

Donation recipients are the employees and service providers of the Continental Plant in Calamba, as well as those from government agencies and non-governmental organizations (NGOs). Donation projects also include health apparatuses/equipment, donations to the Philippine Red Cross Laguna Chapter, computer donations for educational assistance, and used wooden crates and pallets wood cribbing to be converted for use at home.

The Environmental Protection Program includes tree planting activities, the “Green Road Project” (where the company adopted a portion of the Makiling road at Calamba City), the River Clean Up Project and fun run activities.

German European School Manila’s programs are termed “social activities.” According to GESM’s Marketing Director, these are handled by the faculty but supervised by the school head. Social activities in GESM are students’ projects – that is, part of their curriculum. Some activities include beach clean-ups, post-typhoon relief efforts, prompt responses to emergencies (e.g., a light plane crashing into Better Living subdivision), and immersion with proponents and/or beneficiaries (such as the El Dorado community of informal settlers in Sucat, Payatas daycare center, the Philippine General Hospital cancer ward, a school in Zambales, and a community in Tondo).

As of August 2012, Lufthansa Technik Philippines (LTP) completed a total of 61 projects since June 2007. Lufthansa’s CSR is unique because employees are its proponents and co-implementers (along with the stakeholder). CSR is a partnership between the company and its employees for the benefit of stakeholders. Recent projects (September 2012) were being developed as far as provinces in the ‘extreme north’ (Cagayan) where classroom repairs took place after a typhoon, down to provinces in the ‘extreme south’ (South Cotabato) where a two-classroom building was constructed. (Lufthansa employees had previously been in the province.) Cash donations are also provided for disaster response.

Another initiative involved the donation of its 40 serviceable computers to a beneficiary school affected by Typhoon *Ondoy* (Ketsana) in Nangka, Marikina. Presently, Lufthansa is in collaboration with Synergeia Foundation on a three-year program on Basic Education – particularly in teacher training, parent orientation, and the provision of workbooks for students of Barrio Tanyag Elementary School in Taguig City. Kythe Foundation is the company’s intermediary for Lufthansa in providing a refrigerated centrifuge to the National Children’s Hospital for the cancer-stricken children who are Kythe’s main beneficiaries. As a result of all these CSR initiatives, Lufthansa received an award for its outstanding community projects from the Philippine Economic Zone Authority (PEZA).

Schenker Philippines has an integrated DB2020 program that incorporates economical, environmental and social aspects to create a successful enterprise focusing on sustainability. For instance, the company has adopted a hectare in the Marikina Watershed for tree planting and for

generating livelihood for the local community. The Marikina Watershed was chosen because it was “an offshoot of the Ondoy (Ketsana) disaster.” Schenker is also into resource conservation, which includes reducing water and energy consumption, as well as recycling and managing wastes. The company maintains a “benevolence box,” and one beneficiary is the Maryhill children in Alabang that have received clothing and books. Their *Liter of Light* program involves supplying solar light bulbs to areas in Parañaque. Like most of German Firms mentioned here, Schenker also provides scholarships. It currently supports five scholars studying Supply Chain Management at the University of Makati. Matthias Giger, Schenker’s Operations Director, explained how its recently launched program – the DB Ecophant – helps monitor environmental protection; each ecophant stands for five tons of carbon dioxide reduced, which is roughly the weight of an average elephant. In Schenker, employee involvement in CSR activities is generally voluntary.

TÜV Rheinland Philippines programs focus on mass awareness:

- **ConservePhil** tackles Energy efficiency for the retail sector with GiZ and involves capacity building, ToT (Training of Trainers), and a walk-through energy audit.
- **RobustPhil** focuses on crisis and disaster management, especially in the aftermath of typhoons Ondoy (Ketsana) and Pepeng (Parma).

After the devastating typhoons in late 2009, TÜV realized that mission critical enterprises like utilities (electric and water utilities), banks, road networks, are not always equipped with business continuity plans. Many are in need of enterprise risk management and information security tools in order to quickly resume their businesses.

The company has also started a mass awareness program in cooperation with the Development Bank in Germany, which has involved companies such as Skyway, Maynilad, Subic Water and the National Grid Corporation of the Philippines (NGCP). The training results were made available to interested parties through an e-learning toolkit.

- **EquipBPO** supports BPOs as a sunrise industry by identifying quality, information security, and health and safety as key issues and by offering training programs related to these issues following international standards.

- **ProFIT** is focused mainly on food safety, working in partnership with the University of the Philippines Institute of Small Scale Industries (UP ISSI). The program offers a diploma course, which supports the food sector by helping microentrepreneurs, and small and medium enterprises (SMEs) improve their value chains.
- The **Philippine Healthcare Initiative (PHI)** is a collaboration with the European Chamber of Commerce and Industry (particularly the Retirement and Healthcare Coalition) and DEG (managed by TÜV Rheinland Malaysia), which is aimed at improving the healthcare service delivery standards of Philippine hospitals and medical facilities as reassurance for foreigners who wish to retire in the Philippines.

THAI COMPANIES (THAILAND)

The contents of this section are limited to those indicated in the Summary¹ of the Executive Conversation. Thus, findings may not be as in-depth as that of the German firms.

Thai companies' CSR initiatives cover education, community development, the environment and reduction of ecological footprint. In certain examples, the three may overlap; however, they are outlined in table 3 as three different categories. Not all companies have discussed their programs in detail, but the table indicates the names of each participating company and classifies their programs based on four categories. The first three – education, environment/ ecological footprint reduction, and community development – are common to the Thai companies. The fourth category – 'others' – contains programs that do not fall under the three areas.

Table 4 below also indicates each firm's focus, their employees' involvement in CSR and the partnerships that these companies have established in carrying out their CSR initiatives. Other relevant notes are written in the last column.

¹ Written De Jesus, Marie Kirstin. (2012) *1st Series of Executive Conversations*. Manila: Ramon V. del Rosario Center for Corporate Social Responsibility Asian Institute of Management.

Table 3. Typology of Thailand Companies' CSR Programs

	EDUCATION	ENVIRONMENT / MINIMIZING FOOTPRINTS	COMMUNITY DEVELOPMENT	OTHERS
Aditya Birla Group				
Ananda Development PCL			Supports Habitat for Thailand	
Bangchak Petroleum Public Co. Ltd.		Environment friendly products; 'carbon neutral company'		Community gas stations; One Town, One Product (OTOP)
B. Grimm Group				Key sponsors a project in partnership with a German Organization
Bangkok Bank	School buildings donation; scholarships and student internship programs; trainings for SMEs; Education Program in partnership with Mitr Pohl; donates used computers;		Financial support, information, networking and sharing to communities	Relief assistance; support to religion and culture
Citibank, N.A., Thailand	"At Risk Women Financial Literacy"; financial management workshops to drug addicts			
Double A PCL		Paper Khan-Na		
Habitat for Humanity				
Microsoft, Thailand	B.E.T.T.E.R.		Chumchon	
Minor International PCL	First-job opportunity; partnering with Universities to change university thinking on CSR			
MITR Phol Sugar Company		Zero waste management; reduction of production waste and carbon dioxide production		
Nichiworld Co. Ltd.		Tree Plus;		Use of uncontaminated raw materials and lead free materials; Quality of Life Program
Saint John's University				
Sasin Centre for Sustainability Management				
Siam City Cement PCL			'Green Schools Program'	
TMB	Big Brother Mentorship; Teaching 12-17 year olds life skills through the arts			

**Table 4. CSR Programs of Thai Companies
(Focus, Employee Involvement and Funds)**

	FOCUS	EMPLOYEE INVOLVEMENT	PARTNERSHIPS	NOTES
Aditya Birla Group	“values”			
Ananda Development PCL				
Bangchak Petroleum Public Co. Ltd.	Sustainability in tandem with environmental and social development	Employees are encouraged to work with communities – KPIs for CSR	Community	
B. Grimm Group	Livelihood, education, sports, culture, environment and religion		Little Scientist House	
Bangkok Bank	Sustainability in tandem with environmental and social development; Economy, society and environment		Community; Mitr Phol; Microsoft;	CSR projects are mainly ‘relationship based’;
Citibank, N.A., Thailand	To create or generate financial capability for the people in need;		Kenan Institute Asia; the Ministry of Human Development, Ministry of Justice and Labor;	All CSR activities are framed from its mission statement that covers ‘responsible finance’, hence projects that enable financial inclusion, employee empowerment, environmental sustainability and the facilitation of financial access and capability
Double A PCL	Sustainability, Development			
Habitat for Humanity	Creating a greater impact on the society		Nissan; Krispy Kreme	Project-based and corporate-driven
Microsoft, Thailand	How technology can enable people to achieve their full potential – uplifting ICT skills and knowledge of workforce and the people in the community		Kenan Institute Asia; the Ministry of Labor, Population and Development Association; the Skills Development Department; NGOs and the Thai Government	
Minor International PCL	Develop human capital		Works with Universities	
MITR Phol Sugar Company	Strives for a clean world			“CSR is everywhere in our daily work”
Nichiworld Co. Ltd.	“Responsibility” (to customers and in their workers); assistance to employees and minimizing the impact of our operations, SMEs		Microsoft, TMB, NGOs and the Forestry Department	
Saint John’s University				
Sasin Centre for Sustainability Management				
Siam City Cement PCL	Education, community and infrastructure development	Help build the buildings for the Green Schools Program	Border Patrol, the Association of Siamese Architect; the Commission on Vocation Education; and other Vocational schools;	
TMB	Empowerment for employees, shareholders customers and the community		Thai Chef’s Association	

Ananda Development PCL supports Habitat for Thailand in building and improving the housing needs of the Thai people.

B. Grimm's major CSR initiatives can be classified into six categories: livelihood, education, sports, culture, environment and religion. They brought Little Scientist House, a German Organization, to Thailand. The purpose of this organization is to augment science education for kindergarten students (ages 5-6 years old). The group has prepared age-appropriate science experiments, and B. Grimm trains teachers to use the materials developed by Little Scientists. B. Grimm is a key sponsor, but other companies are also involved in trying to spread the project throughout Thailand.

Bangchak Petroleum has developed a business format that has corresponding benefits to the environment and the local community. Bangchak works with local groups on its Community Gas Stations and its One Town, One Product (OTOP) program. To date, the company has 571 community gas stations, which are run mostly by agricultural cooperatives. What the company does is to encourage its employees to work with the community. The company has key performance indicators (KPIs) for CSR, and it utilizes CSR to educate employees and to allow them to share their experiences and expertise with the community. One of the important stakeholders is the community around the refinery, for whom Bangchak regularly organizes monthly activities (about one or two per month). In addition, the company is growing its business to ensure its sustainability while developing products that are more environment-friendly (e.g., biodiesel). The company also aims to become a carbon-neutral company that utilizes natural gas instead of oil.

Programs of the Bangkok Bank include donating school buildings in rural areas based on the recommendation of their branches, granting scholarships and facilitating student internships, and organizing training sessions for SMEs about financial planning, budgeting, and so forth. The company also accommodates the national center for blood donations at the bank and works with Mitr Phol on an education program. Bangkok Bank donates used computers from their business operations and works with Microsoft on this initiative. Another CSR program includes giving relief assistance, and as part of Bangkok Bank's social mandate, the company supports religion and culture-related programs. An Art Center was set up by the bank 35 years ago in order to provide a venue for traditional Thai performance artists to showcase their work to Thai

audiences. They have also collected recordings of these performances and published them on the Internet.

Citibank's aim is to develop the financial capabilities of people in need; hence, their corporate citizenship projects are geared towards those in low-income communities. *At-Risk Women Financial Literacy* targets women living in the slums with an income lower than 8,500 Baht per month. Some of these women are unemployed, while others are night industry workers who earn money but are still considered 'at risk.' Citibank's workshops teach them how to budget for the household, and how to effectively manage and save their earnings. In order to monitor the program's end result, Citibank has accomplished surveys and monitored the progress of the participants. After about two years, they found that 90 percent of the women they trained regularly saved their earnings, and 82 percent budgeted their money more regularly.

Citibank also started to train women incarcerated due to drug-related charges. Working together with correctional institutions, the company has resolved to prepare women who will soon be released from prison, who have been given livelihood skills training but lack financial management skills. When Citibank started, they found that these women are given store value cards and are allowed to spend up to 200 Baht. All their needs are provided by the correctional facility, but oftentimes, the women "want to pamper themselves a bit unnecessarily." Citibank helped them understand that the financial risks they currently face. It is also generally difficult for people in their situation to find employment upon their release so they are taught to start saving while they are still in prison.

Double A's Paper Khan-Na project taps farmers, asking them to grow the trees needed by the company as their products' raw materials. The trees are planted on unused land which serves as an extra source of income for the farmers. Double A has almost a million farmers involved to date, and they form the backbone of the production of raw materials used by the company. Their process has received wide recognition from WWF and other leading organizations that certify its sustainability, emphasizing that this CSR effort is an integral part of the company's core business. According to Double A, "we cannot exist as a business without this particular project and it helps farmers to increase their income. It also helps maintain local communities. We have extended this project to Laos, Cambodia and Bangladesh, which are all major rice producers. It is scalable and it is definitely sustainable."

Nichiworld is a toy company supported by Microsoft. Their focus is on SMEs, and their use of uncontaminated raw material and lead-free materials is what they consider as CSR in line with their business operations. “Our key word for CSR is responsibility to consumers who buy our toys. Customers buy our toys because it is safe for children.” Secondly, Nichiworld also encourages responsibility among their workers. Their quality of life program encourages employees to be free of debt from “loan sharks,” believing that once they get into heavy debt, there is no way to get out of it. TMB also supports the company in this program.

Nichiworld also exercises responsibility towards the environment since the company makes wooden toys, which requires cutting down trees. To promote sustainability, they have come up with the project entitled, “tree plus,” latching to the idea that the more toys they make, the more trees they must plant. Farmers normally cut down a tree after almost 25 years, then plant one tree to replace it. To better the numbers, the company calculates how many trees are needed for the next year and plan how much they need, accordingly. Nichiworld works with NGOs and the Forestry Department to plant trees every year, caring for trees for two to three years until the trees thrive. “Tree+” has eventually become “Tree++” indicating that for every tree Nichiworld cuts, they plant three trees to replace it – one is planted by the customer, one by the farmer and another by the company.

Mitr Phol has been developing two products in its efforts to create a cleaner world. The first is a biofuel that produces ethanol, and the second is called ‘bio power’ or biomass generation, which also serves as an alternative energy source utilizing clean production methods. The fuel is made of sugar cane, which can absorb carbon monoxide produced by cars and reduce greenhouse gasses, while bagasse (a waste product of sugar production) is used instead of coals as fuel for bio-power. Mitr Phol also produces ethanol, which is made of molasses and is also a waste product of sugar production. Together, the two businesses can be considered as a good practice of the sustainable use of resources since they reduce production waste and minimize carbon dioxide production.

Microsoft Thailand works with Kenan Institute Asia and the Ministry of Labor (through their skills development department) on project B.E.T.T.E.R. – *Building Employability Through Technology and Entrepreneurship*. Here, the company provides the technology and basic curriculum (e.g., the use of Microsoft Office), and with the Skills Development Department (DSD), they train people to develop their competencies in using computer applications. The

company replicates this throughout the country in 76 branches of the DSD across Thailand, and it is also made available through the DSD website. An important feature is an online curriculum with tests that users may take to obtain a certification from Microsoft; overall, the program has benefitted 300,000 people to date. Another project of the company is in an area known as Chumchon, where it works in partnership with the Population and Development Association to develop the computer skills of villagers so that they can publish their products online and sell them through a website.

Minor International PCL works with schools to develop the skills of students and the quality of education that students receive. The company provides a “first-job opportunity” for thousands of students every year. Part of the program involves students working part-time for the company, where they are also taught “self-help” (self-improvement). Emphasis is placed on how students can fend for themselves and on how to provide service in the company’s shop, which Minor International believes will help them later in their lives. Minor International also partners with Universities to change University thinking about CSR; instead of just teaching people to make money, universities now have to incorporate concern for the environment and the community into the education of the students.

The Border Patrol, the Association of Siamese Architects, the Commission on Vocation Education, and some vocational schools are the organizations that work with Siam City Cement PCL to implement their Green Schools Program. This initiative supports the minorities who live along the Thai border who are not considered Thai citizens and who have no access to formal education. The company believes that these people need school buildings, an infirmary, library and dormitories so it has partnered with the aforementioned institutions to provide support for the programs. The partner organizations each serve a particular role or purpose in the project: The Association of Siamese Architects (ASA) help design buildings using the green design concept. The Commission on Vocational Education gives directions to vocational colleges in the area to send vocational students in the field of ironwork, carpentry, electrical work, etc., to help build the school buildings. The company believes strongly that project is one that will uplift the plight of underprivileged students and start underprivileged kids on right path.

TMB’s focus is on empowering 12-17 year old children from impoverished communities by teaching them life skills through the arts. These are the kids who usually come home at 3 PM, with no parental guidance because their parents are busy working as housekeepers, messengers,

drivers, or the like. Often, these are the kids who fall into bad vices with friends, using drugs and gambling, or they simply sit around and remain idle. The project teaches these teenagers how to paint, draw, cook, or make music. TMI works in partnership with Associations and other organizations (such as the Thai Chef's Association for its various programs.) They have established a big brother mentorship that allows them to earn the trust of these young people.

In sum, this study has observed that German Firms' programs typically focus on the environment, education and community assistance. Companies BASF, Schenker and Bayer all engage in tree-planting and in providing scholarships and disaster relief support, as needed. GESM does disaster relief and provides assistance to partner communities, while Argonauta practices proper waste disposal and facilitates community feeding programs. Other companies, like TÜV and Lufthansa, have included programs in food safety, environmental management, disaster management, and health safety. These are packaged as Public-Private Partnerships (PPPs) and can also be considered part of CSR programs. The beneficiaries are usually communities where firms operate and where employees have linkages with occasional intervention for disaster-stricken communities. Employee involvement is largely through volunteerism – especially for the German MNCs, Argonauta and GESM (students). In Lufthansa, however, employees play a very active role in endorsing and managing the company's CSR projects.

CSR external initiatives in Thailand generally cover the following areas: education, environment and reduction of ecological footprint, community development, and religion and culture. All these are in accordance with the interests of the Thai Monarchy as reflected by Crown Foundations (De Jesus, 2012). One important internal focus, on the other hand, is towards employee behavior; people are empowered to show greater individual initiative and to develop civic consciousness.

Companies like Bangkok Bank, Citibank, Microsoft, Minor International and TMB are geared towards educating the local communities. Education provided by these companies are based on the nature of their business (for instance, Citibank, which is a financial institution, is able to teach financial management modules). Bangchak, Double A PCL, Mitr Pohl and Nichiworld have initiatives geared towards protecting and or restoring the environment – tree planting, reduction of waste production and use of environmental products, for example — that is aimed at reducing the company's ecological footprint.

II. CSR STRATEGY AND STRUCTURE

GERMAN FIRMS (PHILIPPINES)

This section describes the structure and the strategy of each German firm.

Argonauta's CSR is driven by the personal initiative and passion of its owner and founder. The local community is the strategic focus, and employees are involved in both conceptualizing and implementing CSR initiatives. Program selection depends on what the owner and CEO perceives as a resource or resources needed by the community. The former consults with the employees and the community to sustain a personal link between the company and the stakeholders.

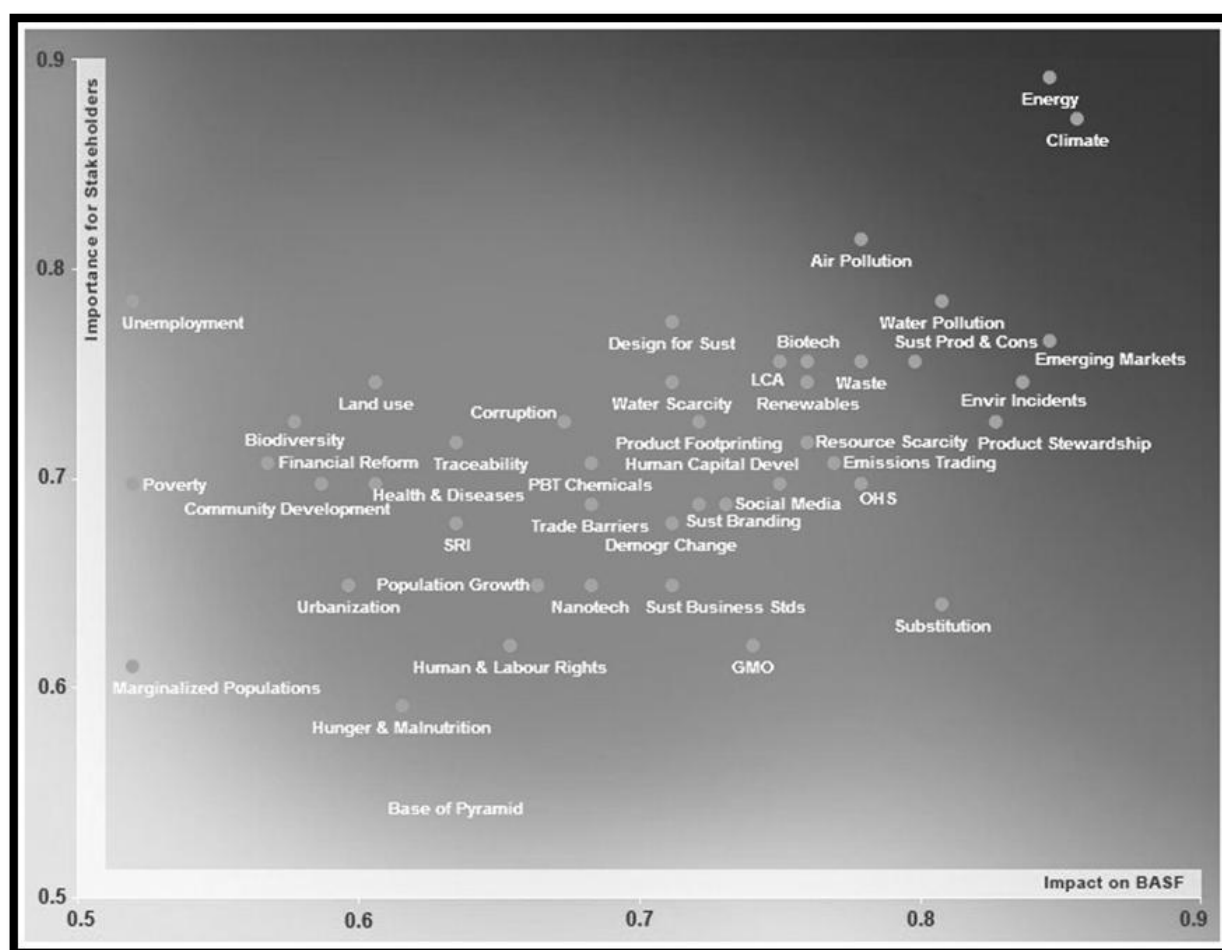
BASF Philippines has global sustainability goals, which are adapted to local conditions. In the Philippines, their focus changed when the nature of the company changed. Site operations created community-based CSR with a special focus on the environment. As an indent company, BASF now focuses on education initiatives.

Three pillars influence BASF Philippines' sustainability efforts. One program called "Responsible Care" is anchored on the operations aspect of the organization. Another involves integrating people and environmental management practices so that BASF can operate without complaints. The third is the "CSR part, the social part," from which a more structured approach to CSR shall evolve.

Globally, BASF employs a materiality matrix to assess the importance of each sustainability issue (e.g., energy, poverty, water scarcity, et al) in relation to its impact on BASF. The upper right hand corner of the matrix represents the best theoretical combination of impact and importance. The matrix relates to Michael Porter's notion of creating shared value between the corporation and the stakeholders.

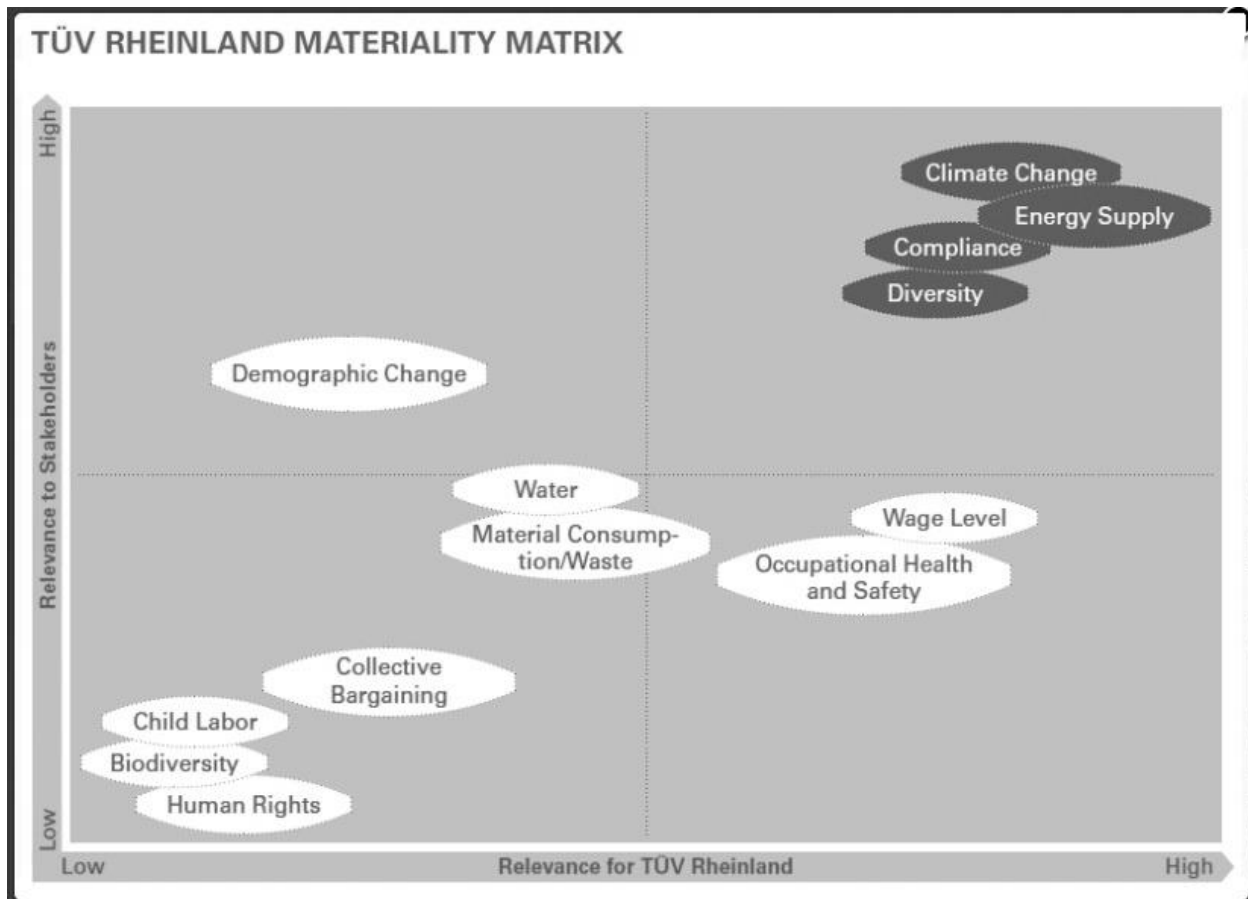
Mr. Derrick Clarin, BASF's QM and Responsible Care Manager, believes that organizationally and globally, the Communications Department handles the company's CSR efforts. However, the more site-specific, industry-related engagement and responsible care are also tackled in EHS – Environment, Health and Safety.

Figure 1. BASF's Materiality Matrix



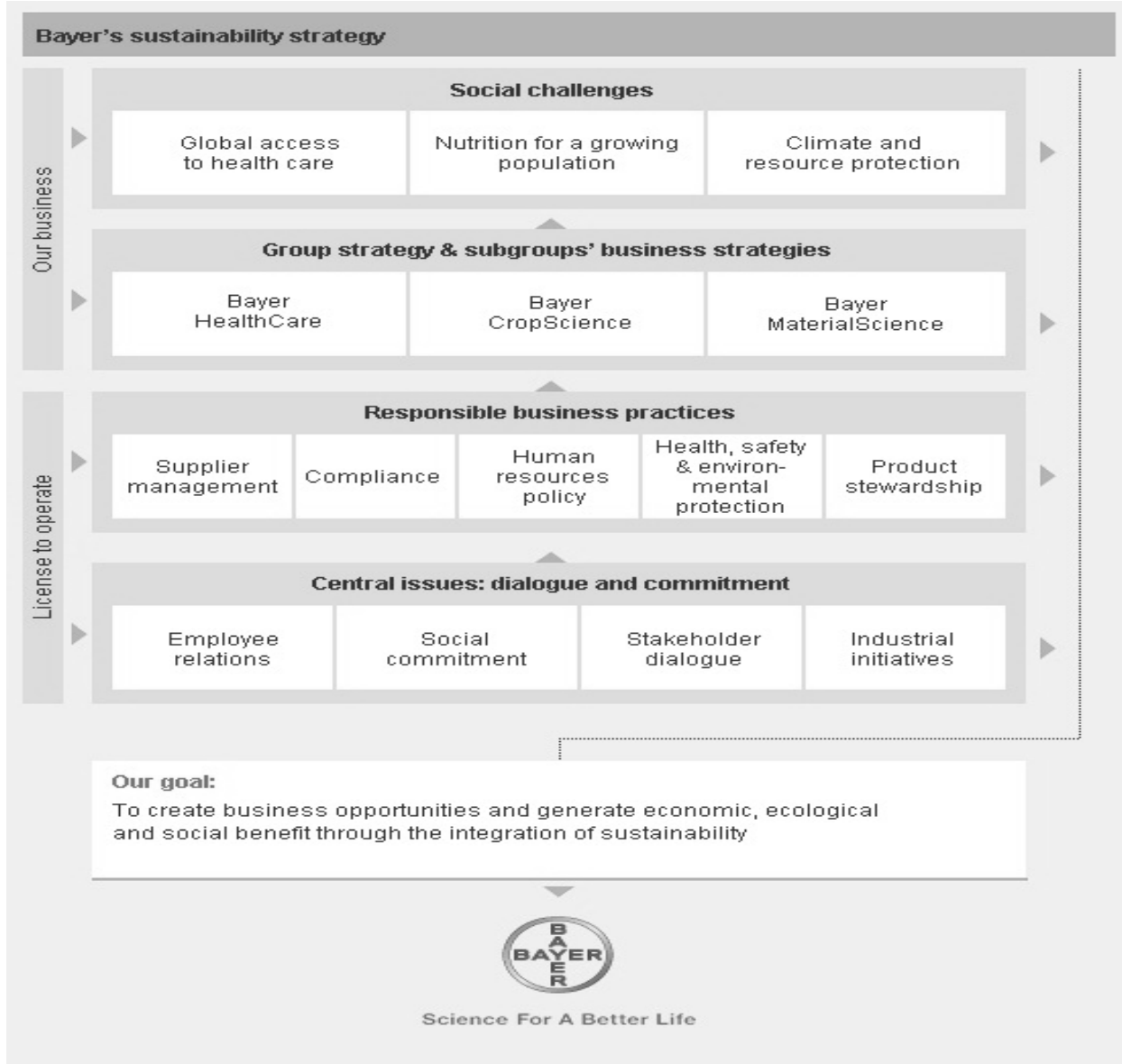
TÜV Rhineland's CSR mandate comes from their head office and like BASF, it applies a Materiality Matrix. CSR in TÜV is part of the duties of the Senior Manager of Accounting, Controlling and Finance.

Figure 2. TÜV Rhineland's Materiality Matrix



Bayer's sustainability strategy and structure are hierarchical. As expressed in the Bayer matrix, their CSR is linked to the company's sustainability thrusts. The company has programs under education, health, safety, disaster response and the environment. Bayer has a program called BE IN (Bayer Employees Involvement) to encourage staff involvement in those activities. Bayer and BASF both have global CSR mandates and CSR is also under Communications to serve all other operations.

Figure 3. Bayer's Materiality Matrix



Bayer has reflected on its programs and impacts as follows:

“The challenge for BYEE, since we’ve been doing this for the last thirteen years, [is that] sometimes, you would think that it has reached its saturation point, [therefore] you have to think of another program or reinvent yourself. Is this something we have to continue doing? But of course, at the back of our minds, we’re also saying we have established ourselves, our name for this program. But based on its success and importance, it’s wise to continue with this program... Probably an internal challenge also for us is that, of course we have different businesses.... This flagship program of ours is heavily focused on the environment, so healthcare colleagues would probably think, ‘what’s the benefit of the environmental program to our business?’ But we’re talking here of the whole Bayer organization anyway.”

There are other challenges. BYEE (Bayer’s flagship program) needs to get more participants from Mindanao. In addition, CSR in Bayer has largely been a “one man operation.”

Quoting Mr. Cutanda: *“(I am) the department, but of course I have the support of the regional office, so I really have to allocate time, especially if there are issues,” given that he’s also handling Corporate Communications. “We cannot really do another big CSR program... [there is] a limitation not only in the personnel but also the money that we get every year.”*

From broad vision to detailed prescriptions, Continental Temic's CSR is based on its Corporate CSR Policy as summarized in the BASICS:

Figure 4. Continental Temic's Corporate CSR Policy



The CSR Policy is both a statement of values (respect and ethics) and behaviors (honesty and open dialogue), which encapsulates both strategy and structure. Programs in the company are carried out through this policy, and are guided and supported by the local policies and procedures.

The German European School Manila's Social Activities as part of the school's curriculum represent the third major focus of the school, aside from academics and sports. Students plan the projects and see it through within the school year under the supervision of the faculty. Social activities are handled by the faculty with oversight by the school head. The structure is well established but projects are diverse. Although the school offers institutional continuity, the school body changes over time (unlike permanent employees), therefore strategic initiatives could alter.

Lufthansa's CSR initiative is based upon a partnership with their employees. Projects are determined among proposals submitted by employees, making it a unique, completely employee-

driven activity. Projects include a needs-based donation, disaster response activities, and a focus on the rehabilitation and construction of public elementary schools.

CSR in Lufthansa starts when employees submit proposals to the Employee Council (EC). The Council interviews the employees on their proposed projects, which are submitted and deliberated on every quarter. Approved projects are given notices and handed out to the beneficiaries – for instance, school heads for the repair or construction of school buildings. A limitation of this structure is that Lufthansa itself does not schedule visits after the issuance of notices because the process is based on trust between the proponent (employee) and the beneficiaries who may be the employees' relatives in charge of the project or who monitor the projects with progress reports submitted on a regular basis.

In general, once the funds have been released, the project should be completed in 90 days. When Lufthansa representatives visit the site, they get the bank account details of the beneficiary and release 40% of the project funds. Documentary proof of 30% project completion (via receipts and pictures) is then required for another 40% fund disbursement. The balance of 20% is released upon project completion. Ms. Llegado added that beneficiaries should maximize the funds, which is why they often collaborate with the local parent teacher associations (PTAs) to provide volunteer labor so that the funds allocated can be used to purchase blackboards, chairs and other materials instead.

Schenker has a codified CSR statement focusing on sustainability. Their main program is the DB2020 which aims to look into all areas – the economical, environmental and the social. Like Lufthansa, Schenker gives its employees the opportunity to propose a program. Below is a summary for DB2020, DB's sustainable strategy².

The DB2020 was developed so that the DB Group (Deutsche Bahn Group including Schenker) could live up to its special responsibility for its customers, employees, the environment and society.

Based on the vision: "We will become the world's leading mobility and logistics company," Deutsche Bahn has set itself the following goals within the

² Derived from DB2020, last modified March 29, 2012

three dimensions of sustainability: profitable market leader, top employer and eco-pioneer.

As a profitable market leader DB offers its customers first-class mobility and logistics solutions. Two strategic directions are of paramount importance here: an unrelenting focus on customers and quality, as well as continuing on its course of profitable growth.

As a top employer DB can win and build loyalty with qualified employees who work with enthusiasm for DB and its customers. To achieve this, DB will further advance the previously initiated cultural change and significantly increase the level of employee satisfaction.

As an eco-pioneer, DB's products set standards for the efficient use of resources. DB is striving to further expand its leading environmental position by using resources even more efficiently and further reducing emissions of CO₂ and noise.

The system that Schenker follows assures that all decisions taken will be in harmony with the three dimensions of sustainability.

THAI COMPANIES (THAILAND)

This section describes the strategy and structure of some Thai firms. Contents of this section are also derived from the summary.

Before beginning a CSR project, Aditya Birla first analyzes whether the proposed projects match the needs of the community. Once these projects are implemented, they have their own KPIs and ROIs, tangible and intangible, used when monitoring the progress of the CSR project.

“We reanalyze the project portfolio before we launch other projects to give us an idea if the existing projects achieved the desired objectives. Our project cycle helps to ensure that the projects meet the requirements of the community. In most projects, we encourage co-ownership and partnership with the community; that is why we have so many stakeholders. What we need most from them is commitment.”

Bangchak Petroleum was established with the following goals: (1) to be a secure Thai company operating a petroleum business consistent with the common good and (2) to be a company that helps develop better quality of life for all Thais. Bangchak still staunchly subscribes to this principle today and aligns their CSR to it. Apart from having an environmentally friendly refining processes, Bangchak Petroleum builds on its energy business to sustain growth while being accountable to all stakeholders, including society and the nation at large. The company also participates in an initiative of their King. It also checks its programs and evaluates to see which areas need improvement.

Bangchak reiterates its commitment to sustainable business practices in tandem with environmental and social development by introducing new businesses with a format and process that enriches society and the environment. This is what is called “in process” CSR. An example is the company’s Community Gas Station program, wherein members of the community become the company’s partner in distributing its products.

Bangkok Bank: “A lot of things we do in Bangkok Bank in terms of our CSR projects are mainly relationship based. We have friends everywhere as a company that has been running nearly seven decades, and those friendships arise from business relationships. Some of our CSR programs are in response to requests from business partners or friends, but we also have our own programs.”

Double A, being a part of the paper industry that has a negative image for its impact on the environment – cutting down trees, relocating local communities and “ruining the world for everyone” – asked themselves how they could resolve these issues. On one hand, the source of raw materials is a key part of their business, but they also believed that going around, giving forest concession and conducting forest management only helps to maintain a small forest area. To do better than this, the company came across the idea of tapping farmers in Thailand. Double A employs a large number of farmers and possesses a large area of land used to grow rice and cash crop, and that is how Paper Khan-Na started about 30 years ago.

Habitat for Humanity works with hundreds of corporations, which is why their programs are really project-based and corporate-driven. They worked with Nissan to improve the housing situation, and at the same time, to encourage employees to do something meaningful – that is, building homes with Habitat. “This activity could be a team building exercise and [can] create a

win-win situations,” like Krispy Kreme who sees its partnership with Habitat as a driving cause in line with its marketing and brand building efforts.

Nichiworld believes that it can implement CSR programs by managing its value chain. In their business, CSR means ensuring the quality of their products (by using lead-free materials) because they have a responsibility to their customers. Their CSR programs also ensure that activities address the needs of the employees, as well as minimize the negative impact of their business.

In sum, innovations vary across companies in terms of institutionalizing and implementing CSR initiatives. BASF and TÜV have materiality matrices that show which sustainability issues they consider relevant to their respective firms. Lufthansa has an Employee Council that leads in identifying and supporting its CSR projects. Bayer has its youth-led environmental program, Argonauta has its ‘owner-centric’ CSR projects, GESM has its student-led, faculty-guided social activities, and for Schenker, its sustainability policy is contained in DB 2020.

Institutional funding is provided, and usually the fund is increased via donations, with employers matching the amount raised by its employees (especially during calamities such as typhoons). This is true for most German MNCs interviewed, although TÜV declares that it has not yet applied for CSR funding from its principal. In Argonauta and GESM, CSR is largely a personal cost, except on one occasion when GESM benefitted from prize money won in a competition, which later served as seed money for its social activities and CSR projects.

Since the summary did not mention materiality matrices, the conclusion on the Thai companies’ CSR strategy and structure is influenced by what was written in the summary. Generally, Thai companies recognize that CSR should be an integral part of their core business strategy. Core competencies are taken into consideration in developing their CSR initiatives.

CSR in Thailand can be classified as “in Process,” representing Strategic CSR driven by business strategy, or “post-Process” reflecting philanthropic initiatives that may be driven more by individual interest rather than institutionalized corporate policy.

“Working with volunteers and associations is a good implementation strategy because you can do more with less.” – Siam City

Thai culture values collaboration among employees, other firms, NGOs, the government, and business and industry associations, among others, therefore, collaboration becomes part of the process of implementing strategy. Collaboration and employee volunteers also allow “stretching” available funds. Bangchak, for instance, incorporated CSR into the KPIs of its employees. In developing its CSR portfolio, Thai companies also work together: TMB supports the employee program of Nichiworld. Bangkok Bank works with Microsoft and Mitr Phol on some of its education programs.

III. IMPACTS AND CHALLENGES

Measures of CSR impacts are more qualitative than quantitative. Respondents from Lufthansa, GESM and Argonauta often talked about the “feel good” nature of CSR activities, and how such activities resulted in the improvement of people’s behaviour or outlook. Respondents from BASF, Bayer, and Lufthansa have measured outputs, including the number of projects completed and the number of applications submitted (for their BYEE program). Respondents from Bayer and TÜV, on the other hand, also acknowledged the brand mileage from their CSR activities.

When firms were asked about the impacts they made, Bayer had mentioned asking themselves, “We’ve been doing their program for the last 13 years, and we sometimes ask, ‘Have we made an impact?’” For Argonauta, the impact is visible and evident from the neighboring communities’ expression of support. For on-site firms like Argonauta, Boracay, impacts are seen directly and indirectly on its employees and their families, and to the hotel’s neighbors as well. For GESM, impacts of their social activities are seen on the “kids’ change in behavior.” Schenker believes the “Even small steps do contribute... can make a difference.” For companies like Bayer, impacts may be gradual since their programs are long-term. Overall, quantifying project impact is difficult and varies from company to company. For a program like BYEE, tracking the number of applicants per year may serve as an indicator for the impact they have been making.

Figure 4. Bayer Young Environmental Envoy (BYEE)



Bayer Young Environmental Envoy



The Bayer Young Environmental Envoy (BYEE) has established itself as the longest running youth environmental program in the Philippines.

“BYEE is our youth’s ingenuity, and is an enduring vote of confidence in the capacity of young people to contribute to nation-building.”

- President Benigno Aquino III



Overall, CSR initiatives boost good image, publicity and media value for German firms. They also promote sensitivity to social issues and serve as opportunities to address misconceptions and help gauge the level of brand awareness. As awareness increases, so do standards of quality and sustainability. Over time, CSR increases the annual output for beneficiaries and gives a “feel good” outcome for both the people in the company and in the community.

Impacts were not mentioned in the Executive Conversation, however. When asked what key issues they face, Nichiworld pointed out that perhaps one issue lies in the very definition of CSR and what activities may be considered CSR. There is a need to look at the definition of CSR and what it is for, and to distinguish between social marketing and corporate social responsibility.

IV. LESSONS LEARNED

CSR initiatives may be subject to one, some, or all of the following factors:

1. The nature or background of the company/business

When BASF still had site operations, CSR initiatives were mostly community-based. Their programs were focused on the environment at the time. Now that they are an indent company, however, they have become more involved in education. For a school like GESM, CSR is considered as a set of social activities that form part of the GESM curriculum.

2. Location

This factor applies for on-site firms operations with identifiable beneficiaries like Argonauta in Boracay and Continental Temic's Plant in Calamba, Laguna.

3. Needs and projects of employees/staff

Stefanie Dornau, owner and CEO of Argonauta, Boracay, believes that "CSR should be actually also based on their wishes and their inputs, not just mine because I only see so much" (Dornau, 2012).

This perspective also applies to Schenker and Lufthansa, whose CSR initiatives are based on what employees or proponents see is needed by their local communities. In Lufthansa's case, the uniqueness of their CSR lies within the opportunity to propose a project. Employees thus propose programs which they deem necessary.

4. Corporate CSR Policy or Materiality Matrices

For Continental Temic, the "BASICS" summarizes their CSR Policies. BASF and TÜV Rheinland, on the other hand, use materiality matrices to determine or select their programs and initiatives. DB Schenker follows a codified CSR Statement/CSR policy, which is guided by their head office in Germany.

One real challenge here is how to choose the right CSR program. Bayer believes that nowadays, companies "also need to be attuned with the times," indicating that perhaps, CSR programs should also be decided according to the present trend, especially

when a firm's programs deal with young people. BASF, on the other hand, says that in choosing initiatives for the Philippines in particular (as opposed to the sustainability goals communicated throughout the whole world), "you are faced with more immediate challenges that you think should be addressed."

For the Thai companies, CSR initiatives may be based on two of the four mentioned factors: (1) the nature or background of the company/business, and (2) the needs of their employees and the local community.

1. The nature or background of company/business

For companies like Bangchak, Nichiworld and Double A who benefit from natural resources, their CSR initiatives are geared toward minimizing their ecological footprints. Other companies have programs in line with the nature of their business, like Citibank which provides financial management workshops, and Microsoft, which develops the ICT skills of people in the community through various workshops.

2. The needs of their employees and the local community

CSR in Thailand addresses both the needs of internal (employees and customers) as well as external stakeholders (religious organizations and host communities).

The programs of Bangkok Bank and Citibank focus on providing financial support and financial management workshops to low-income communities. Siam City Cement PCL's Green Schools Program focuses on providing education, and community and infrastructure development to the minority living along Thai borders. Nichiworld and Aditya Birla's quality of life programs are examples of programs that address the needs of the employees.

The main drivers for CSR in Thailand include local and global CSR strategies, which local subsidiaries adhere to in order to build a network of relationships, as well as the strong desire to make an impact on the lives of Thai people and to pay due respect to the Thai monarchy.

Thailand CSR is different from other countries insofar as national respect for the Monarchy in the person of His Majesty The King represents an important driver for CSR initiatives. Bangchak participates in initiatives of the King and Siam City to “fulfill the princess’ wish” of developing the skills of vocational students who graduate without knowing what next steps to take in terms of job prospects.

With regard to firms’ CSR definition, the terms ‘CSR’ and ‘sustainability’ are interchangeable, and definitions of CSR vary from one company to another. For Argonauta, CSR means supporting the local community and local culture. Ms. Dornau, owner and CEO of the company believes that “social responsibility should resonate at the personal level.” She has observed that the locals in Boracay “connect differently to you [as a foreigner] when they see that you care.” For firms like Continental Temic, CSR is defined through Corporate Policy. With a school like GESM, CSR is about social activities that results in genuine volunteerism – something that the students “will carry with them wherever they go,” which is why CSR in GESM is embodied in their curriculum. Schenker follows a codified CSR statement; the company has voiced a general concern for the sustainability of projects and sets targets that vary over time. Schenker, therefore, considers the choice of a CSR program as a challenge: “It’s not a real top-down decision. It’s an involvement, a development. It’s a communication, and through that communicative decision which we have, hoping that the acceptance is also supported widely through the organization. I think the wider it’s accepted [sic], or the broader the decision is done, the more support you get from the organization.”

For the facilitators of the Executive Conversations, the debate is on the terms ‘Corporate Citizenship (CC)’ and ‘CSR’. The two terms are closely related and tend to overlap. Theoretically speaking, CSR involves activities *within* and *by* the business. The initiatives of a corporate foundation are separated but related to CSR. CC, on the other hand, reflects a broader concern. Some activities described in the session involve the notion of Corporate Citizenship – of doing something for the greater good. For instance, educating school children to behave ethically prepares them better to inculcate CSR later in life when they work in firms. In Europe, the youth are educated on environmentally sustainability from an early age. Some CC initiatives may only have an indirect benefit to the company, like activities focused on the youth in slum communities that are meant to help them become better citizens. The use of training and technology to make life better for them is also a way to help instill values and good attitudes

which will pay off in the long term. Shareholders may want direct and immediate returns, but the greater good is an argument that must occasionally be presented. TMB and Siam City Cement work with marginalized groups and communities that “fall through the cracks” because oftentimes, supporting them is not considered a high priority by governments in developing nations.

With respect to organizational structure, CSR is typically under the helm of Corporate Communications (for Bayer and BASF). At Schenker, CSR functions are subsumed under the executive office, while at TÜV, CSR is the duty of the Senior Manager of Accounting, Controlling and Finance. In Lufthansa, however, there is a functioning CSR committee (Employee Council) and in GESM, CSR or ‘social activities’ are led by the students. Although not reiterated, based on the profiles of attendees of the Executive Conversations, most were from Corporate Communications as well. Others were under the executive office (VPs and EVPs of different departments, such as Corporate Development, Public Relations Department, CSR affairs, etc.)

On “glocalization” and CSR strategies, German companies are still trying to strike a balance between following through on CSR/sustainability mandates from its principals in Germany and being relevant to the Philippine context. BASF is developing an overarching framework that rationalizes its CSR efforts. Schenker tries to see how DB2020 (its firm-wide sustainability policy) applies to its Philippine operations on company-level resource conservation (energy, water), but this does not apply to Argonauta given that it does not have principals in Germany, nor to GESM where social activities/CSR projects are generally initiated by the school itself. Neither do the Central Agency for German Schools Abroad (ZFA), a certification and quality assurance institution, require its partner schools to have such activities.

CSR programs like tree planting or sportsfests for local communities do not just serve as bonding time between employees, but they also promote sensitivity to social issues. Quoting GESM on the importance of such activities, “We wanted the kids to know that the more privileged they are, the bigger is their responsibility to give back to others.” Schenker, for that matter, believes that “Being commercially successful doesn’t mean that you don’t have to be responsible in all aspects. Being commercially successful is equal to being socially responsible. That includes being responsible in the company and also being responsible outside the company” (Parayno, 2012).

For Continental Temic, their “seamless coordination with third party internal and external partners” is a lesson learned from their CSR initiatives, which other companies could replicate. For Lufthansa, however, their uniqueness lies within the opportunity they give their employees to propose CSR programs for the company.

There is general recognition that the long-term viability of CSR initiatives emanates from maximizing resource competencies or strengths (organizational and technical) as a necessary pre-condition, and given that prerequisite, projects, partnerships, and stakeholders vary considerably, based on matching competencies with beneficiary needs.

Initiatives are still a combination of corporate mandate and individual interests, showing that institutional and personal imperatives do work together. Personal passion and involvement is critical in community engagement projects where a “face” is needed and a company must “walk the talk.” The “power of tradition” integrates these two imperatives by keeping the momentum for temporary projects, which over time, become more permanent programs. The tradition of philanthropy and donations and gift-giving often pre-dates CSR, but nonetheless goes hand-in-hand with it. On the other hand, considering that CSR in Thailand is classified as “in process,” facilitators have observed that initiatives may be more driven by individual interests rather than institutionalized corporate policy in the case of Thai companies.

Long-term planning (up to 2020) and medium-term implementation are subject to variations at the local level. Employee volunteerism is encouraged but unstructured, except in the case of Lufthansa where employee-led sustainability programs are institutionalized through the Employee Council or EC (patterned after the Labor-Management Council). CSR is also about valuing transparency. An observation from the executive conversation is that “there is no better advocate of CSR than your employees.” If employees do not believe in the company and in its CSR, it will influence how external stakeholders think. As an example, American retail company Wal-Mart was reviled for being anti-union, even as their customers were benefitting from “every day low prices.” Later, attitude towards Wal-Mart changed since it “went green” by using its distribution and retail clout to supply green, energy efficient light bulbs. In addition, one-line slogans are important to capture a firm’s CSR strategy and to motivate the organization. The Philippine conglomerate PHINMA has its mantra – “life can be better” – which helps remind both the organization and the public of its broad and long term vision (De Jesus, 2012).

Large Thai companies use SMEs as part of their supply chain. SMEs are an important and direct external stakeholder and can be a partner in CSR initiatives such as greening the supply chain by setting health, safety and quality standards throughout the supply chain. On the other hand, small yet critical subcontractors have many problems in staying viable and often need persuasion and the intervention of an external entity such as the large corporation with resources and perhaps its own CSR unit. Nevertheless, even small companies can practice CSR. For instance, maintaining good hygiene practices among street food vendors not only improves health, but it also enhances workforce productivity and may create new opportunities among dual income households where the provider has no time to cook the family meal.

In the end, CSR is about values formation and behavioral change. A measure like the number of schools built or the number of teachers trained only represent output. Real change would be reflected in the long run. Did the teachers make a difference? Did the student get better jobs? These are some of the main concerns of CSR practices.

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APPENDICES

Appendix 1: Interview Questions for German Firms

The following General Questions are intended to start the interview process. It is very likely that related questions will develop in the course of the interview.

- (1) What is your firm's definition of CSR (or whatever similar term used by your firm)?
- (2) Can you please describe the CSR initiatives of your company in terms of scope, cost, participating employees, community beneficiaries, other factors?
- (3) How are CSR programs carried out by your organization in terms of structure, responsibilities, decision making, and other factors?
- (4) Who are the stakeholders and/or beneficiaries of the company's initiatives?
- (5) How did the CSR initiatives fit or match your company's overall corporate strategy?
- (6) What performance measures does the company applies to assess the impact of the CSR programs?
- (7) How does the company assess the degree of employee interest in the company's CSR programs?
- (8) What were the lessons learned from the CSR experiences that can be replicated in other CSR initiatives of your company?
- (9) What CSR initiatives started from the Head Office and what changes if any were necessary to make when applied to your company in the Philippines?
- (10) What innovations or new or different approaches did your company utilize in undertaking its CSR initiatives?

Appendix 2: The German Respondents

ARGONAUTA, BORACAY is located in Boracay Island in the province of Aklan, Philippines. The company is established in the northern part of the island, away from most establishments, which are along White Beach in the west. Argonauta Boracay used to be a private residence, but was recast as a hotel in 2009 to cater to the island's visitors. The boutique hotel is composed of just 4 rooms, a villa, and two apartments. The resort is owned by Stefanie Dornau, a German national who has been residing in Boracay for 20 years and who is the interviewee herself. She is currently the President and CEO of the hotel.

BASF PHILIPPINES, INC. interviewees were Ms. Flor Pan, BASF President and Managing Director, Ms. Lorelie Chico, BASF Senior Manager for Corporate Communications and Mr. Derrick Clarin, BASF QM and Responsible Care Manager. BASF is the world's leading chemical company with a portfolio that ranges from chemicals, plastics, performance products and crop protection products, oil and gas. The company develops products for the aerospace, agriculture, automotive, construction, personal care, packaging, pharmaceutical, and wind energy industries. It has been in the Philippines since 1963, and it is one of the country's leading suppliers of chemicals for the following industries: health and nutrition, agriculture, pharmaceuticals, cosmetics, detergents and cleaning agents, packaging, adhesives, coatings, printing, footwear, furniture, construction, mining, electrical/electronics, automotive, lubricants and petrochemicals. In 2006, BASF closed its plants in the country. Since then, it has been running as an indent company.

BAYER PHILIPPINES INC. Interviewee was Mr. Reynaldo Cutanda, the company's Corporate Communications Manager. Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech materials. It has been in the Philippines since 1962 and has core businesses in health care, crop science, and materials science. It has an office in Makati City, but the main office and production facilities are in Canlubang Industrial Estate, Calamba, Laguna.

CONTINENTAL TEMIC ELECTRONICS (PHILIPPINES) INC. sent a comprehensive response to the interview questions via e-mail. Responses were provided by the company's Manager for Human Resources Safety and Security, Mr. Norman S. Alpuerto. Continental Temic Electronics Inc. is among the leading automotive suppliers worldwide that manufactures brake systems, systems and components for powertrains and chassis, instrumentation, infotainment solutions, vehicle electronics, tires, and technical elastomers. It operates a manufacturing plant in Calamba, Laguna, which specializes in chassis and safety and powertrain components.

GERMAN EUROPEAN SCHOOL MANILA (GESM) is an official German School abroad (subsidized by the German government) and at the same time an international school in the Philippines for all nationalities. GESM offers programs from Toddler and Kindergarten to Grade 10, and a two-year International Baccalaureate (IB). The school caters to mother tongue German speakers as well as English speaking students. The researchers were graced by Ms. Ethel Concepcion, GESM's Marketing Director.

LUFTHANSA TECHNIK PHILIPPINES' (LTP) resource persons were Ms. Wayne Llegado, Financial Accounting Manager; Ms. Ditas Salayon, Aircraft Cabin Coordinator; and Mr. Erlaster Lumanlan, Senior Inspector and EC Chairman. Founded in 2000 as a joint venture between Lufthansa Technik AG and MacroAsia Corporation, Lufthansa Technik Philippines (LTP) offers a wide range of aircraft maintenance, repair and overhaul (MRO) services to customers worldwide. Lufthansa Technik AG is the world's leading provider of aircraft maintenance, repair and overhaul (MRO) services. Its six business units (Maintenance, Overhaul, Component Services, Engine Services, VIP Services and Landing Gear Services) serve about 750 customers worldwide.

Mr. Matthias Giger, Operations Director, and Ms. Ayessa Parayno, Executive Office and Communications and Marketing Assistant were the interviewees for **SCHENKER PHILIPPINES, INC. (DB Schenker)**. DB Schenker stands for the transportation and logistics activities of Deutsche Bahn. The Logistics sector of DB is the world's second largest transportation and logistics services provider based on revenues and performance. The forwarding company Schenker has been in existence since the 19th century. Schenker's presence

in the Philippines dates back to 1982 when it formalized agency agreements with freight transport companies CPI Transport, Star Global and BAX Global. DB Schenker eventually acquired these companies and completed the merger in January 2007 to form Schenker Philippines, Inc., as a DB Schenker subsidiary in the country.

TÜV RHEINLAND PHILIPPINES, INC. resource persons were Mr. Tristan Arwen Loveres, Chief Operating Officer and Ms. Heide Mateo, Senior Manager for Accounting, Controlling and Finance. The TÜV Rheinland Group is a leading, global provider of technical services in various fields, namely, construction and real estate, education and personnel, management systems, materials testing and inspection, occupational safety and health, plants and machinery, product testing, and vehicles and transportation. It was founded in 1872 and is headquartered in Cologne, Germany. TÜV Rheinland established the pioneering international certification body in the Philippines in 1991. TÜV Rheinland Philippines Inc., currently serves clients in six business streams: Systems (e.g. SA8000), Product, Industrial Services, Academy, Life Care, and Mobility.

Appendix 3: Letter to Participants

Note: The letter attached is in response to the companies' acceptance to join the first series. It contains the questions covered by the Executive Conversation.

28 September 2012

Dear _____:

Thank you for accepting our invitation to attend the first in a series of “**Executive Conversations**” will be held on 3 October 2012 from 9:00 a.m. to 12:00 noon at the Shangri-La Bangkok Hotel, at 89 Soi Wat Suan Plu, New Road, Bangkok, Thailand.

In line with the theme of the Asian Forum on Corporate Social Responsibility (AFCSR 2012), “Innovative Approaches to Create Value for Business and Society”, the Executive Conversations Session will cover the following questions:

1. What are your major CSR initiatives?
2. What influences your CSR initiatives?
3. What is the impact of your CSR initiatives?
4. What are the main issues you face?
5. What is your innovation strategy and how do you apply it to your CSR programs?

The objective of the Executive Conversations Session is to illicit the opinions of Thai executives regarding their CSR practices and to share insights together. Therefore, feel free to bring any materials for sharing during the session.

Should you require further information, please contact Ms. Kirstin de Jesus at (+632) 892-4011 (local 2148) or at (+632) 752-1208 or email her at mdejesus@aim.edu.

Thank you very much.

Sincerely,

Prof. Felipe B. Alfonso
Executive Adviser
RVR Center for Corporate Social
Responsibility
Asian Institute of Management

Prof. Francisco L. Roman
Executive Director
RVR Center for Corporate Social
Responsibility
Asian Institute of Management

Appendix 4: Thai Participants

A. Facilitators:

1. Francisco Roman, Executive Director, AIM-RVR Center for Corporate Social Responsibility
2. Felipe B. Alfonso, Executive Adviser, AIM-RVR CSR Center
3. Chainarong Monthienvichienchai, President, Saint John's University

B. Executives:

Note: Most participants introduced themselves (“ ”)

Name of the Executive	Position	Company
1. Mayuree Na Rangsilpa	General Manager – Group Affairs	Aditya Birla Group
2. Patima Tirasriwat <i>“We are in real estate.”</i>	Senior CSR Officer	Ananda Development PCL
3. Supakorn Ritthikunwanich <i>“I am not directly involved with CSR but sometimes am a part of it because as the executive secretary to C-Suite my boss is involved with CSR.”</i>	Executive Secretary to C-Suite	Ananda Development PCL
4. Sasamon Suputthamongkol <i>“We came here because we are interested in CSR.”</i>	Corporate Relation and Corporate Responsibility DM	Bangchak Petroleum Public Company Limited
5. Jedniputt Pramnok	Corporate Relation and Corporate Responsibility Officer	Bangchak Petroleum Public Company Limited
6. Tobias Roder	VP, Corporate Development	B. Grimm Group
<i>“I am German, but I work for a Thai Company. The name of our company may be familiar to many people, but not many would know about what we do. We are in the energy business, lifestyle, real estate and we have been involved in transportation, for example, the MRT, BTS Skytrain and the Airportlink. I am the Vice President for Corporate Development and I am in charge of communications and of human resources for the group level.”</i> – Roder, T. (2012)		
7. Suwit Indrachalerm <i>“I am not a banker. I spend money so I need to make sure that the money we spend benefits us and as many people and groups as possible. We can learn success stories from people across the region.”</i>	VP, Public Relations Department	Bangkok Bank

Name of the Executive	Position	Company
8. Hassaya Hasitabhan <i>"I have three roles as PR and for Corporate Citizenship for Citi in Thailand and coordinator for Citi Foundation for Thailand projects."</i>	Corporate Affairs and Citizenship	Citibank, N.A., Thailand
9. Thirawit Leetavorn	Senior EVP – Regional	Double A (1991) PCL
<i>"Double A is a paper manufacturer with half the market in Thailand. Last year we received an award from the AFCSR for poverty alleviation. We are happy to receive the award for something we believe in that is crucial not just for our business but for developing the farmers. We are continuing that work and looking to expand that to other countries. I am looking forward to hearing from fellow CSR practitioners."</i> -Leetavorn, T. (2012)		
10. Alitsa Niyomrat	Assistant to Senior EVP	Double A (1991) PCL
11. Aschara Korsatianwong	International PR Manager	Double A (1991) PCL
12. Joseph Scaria	Director, Resource Dev. Asia Pacific	Habitat for Humanity, International
<i>"I am the director for resource development for an organization that provides opportunities for all the CSR practitioners in the world to come and associate with us to build houses in this region including Thailand. I am a CSR designer. I work with corporations to match their CSR interests with how it fits with Habitat."</i> -Scaria, J. (2012)		
13. Kobnang (Kaew) Kunjara Na Ayudhya	Fundraising Associate Director	Habitat for Humanity, Thailand
14. Supahrat Juramongkol	Community Affairs Manager	Microsoft, Thailand
<i>"I also have two hats—one as the owner of my business, CSR Focus that helps the private sector to arrange CSR activities and strategies. I am also with Microsoft's Corporate Citizenship unit. I have been with Microsoft for 11 years and in the CSR role for 8 years."</i> – Juramongkol, S. (2012)		
15. Sukich Udindu <i>"Our business focuses on hospitality and lifestyle."</i>	VP, Corporate Social Responsibility	Minor International PCL
16. Churee Naktipawan <i>"Our operations cover sugarcane production to developing fuel for clean world. So I hope we have a combination of the heavy industry and agriculture and the firm may be one of the largest of its kind in Asia."</i>	VP, Corporate Social Responsibility Affairs	Mitr Phol Sugar Company
17. Suthichai Eamcharoeying <i>"I am from Wonderworld Products. We are makers of wooden toys. It seems I am the only SME business in this session as most of you are from large companies."</i>	MD, Nichiworld Co., Ltd. & Wonderworld Ltd., & President, Social Venture Network Asia	Nichiworld Co., Ltd.

Name of the Executive	Position	Company
18. Chainarong Monthienvichienchai <i>"I have two hats today. I come from St. John's University in Bangkok and I graduated from AIM in 1971."</i>	President	Saint John's University
19. Prae Piromya	Sustainability Manager	Sasin Centre for Sustainability Management
20. Kantanit Sukontasap <i>"I am from Siam City Cement not with Siam Cement and Vice President in charge of group communication as well as all forms of CSR activities of the company. I hope to be able to share what Siam City does with this group, which will also be useful for the AFCSR."</i>	VP, Group Communications	Siam City Cement PCL
21. Somyos Udomsinklul	CSR Manager	Siam City Cement PCL
22. Paradai Theerathada	EVP, Head of Corporate Communications Group	Thai Military Bank (TMB)
23. Nopawan Saengteerakij <i>"The main focus of TMB's CSR programs are the youth and the environment."</i>	1 st VP, Corporate Branding & SR	Thai Military Bank (TMB)



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