

## NEWSLETTER

ISL NEWSLETTER March, 2016



### Editor's desk

This issue focuses on CSR - a poorly defined concept. We suggest one way of defining CSR. In our two "Research Watches", we report on CSR activities in Scandinavia, a region that consistently outperforms in the field; and on the links between CSR and firm outcomes. We also cover some of ISL's increasing activities in Thailand. Last month, ISL was involved in the G-77 meeting held in Bangkok. Our May-June conference is being generously sponsored by the Thai Sustainable Development Institute and Mahidol University's College of Management. Do join academics and practitioners to share the latest thinking with ISL.

**Gayle Avery**



*Gayle Avery and Harry Bergsteiner (r.) discuss ISL's work on sustainable practices with the Prime Minister of Thailand (centre), and Dr Chirayu Isarakun Na Ayuthaya and Dr Priyanut Dharmapiya from the Thai Sustainable Development Foundation.*

### ISL ADDRESSES G-77 ROUNDTABLE MEETING BANGKOK, 29 February

Gayle Avery and Harry Bergsteiner addressed the Group of 77 at their Roundtable on the Sufficiency Economy: An Approach to Implementing the Sustainable Development Goals. The meeting took place in Bangkok on 28-29 February.

The conference was opened various top dignitaries including the Thai Prime Minister, General Prayut Chan-o-cha (Ret.). Gayle's talk was on: "Using the Sufficiency Economy Philosophy to address Sustainable Development Goals". She demonstrated how the UN's goals for eliminating many of the world's major problems could be approached using the Thai Sufficiency Economy Philosophy. Gayle presented a process model and several applications to SDGs. Harry took on the important role of rapporteur, officially summing

up proceedings of the two day event for the United Nations. The Bangkok meeting was a great opportunity to discuss sustainable thinking with senior government leaders and officials represented at the G-77 and for delegates to share experiences - much is going on in the so-called developing world with regard to sustainability. Established in 1964 by 77 developing countries, membership of the G-77 now includes China, India and Indonesia, as well as many smaller nations. Although membership has increased to 134 countries, the original name has been retained. Chairmanship rotates, and In 2016, Thailand chairs the group. The G-77 is the largest inter-governmental organisation of developing countries in the UN. As such, the group can represent

members' collective economic interests and enhance their joint negotiating capacity on all major international economic issues. Activities are financed through contributions from member states. ISL is proud of its close relationships with key parties in Thailand and new relationships to the G-77. We have collaborated with Thai colleagues from universities, government departments, businesses and non-profit organisations for many years now and look forward to expanding these activities. A good place to start sharing the learnings is at the 2016 ISL conference (May 29-June 1, 2016), which is being jointly sponsored by the Thai Sustainable Development Foundation and the College of Management, Mahidol University. Do join us there!

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## ISL'S 2016 CONFERENCE - UNIQUE EXPERIENCE IN THAILAND

### 11TH INTERNATIONAL SYMPOSIUM ON SUSTAINABLE LEADERSHIP

ISL is offering a very special conference experience in 2016, thanks to financial support from the Thailand Sustainable Development Foundation in collaboration with the College of Management at Mahidol University.

The special theme of the conference is **sufficiency thinking**, a sustainability approach that emerged in Thailand, but has broader applicability

**External Development Day:** We begin on 29 May with a field trip to the Khao Hin Son Royal Development Study Centre (see box below). Here we will witness the results of 'greening the desert' via sustainable scientific principles in projects inspired by the King of Thailand, himself an agricultural scientist. The extra fee for attending this event of 75 euros, which includes an overnight stay to experience the project first hand (three meals included).

**Conference opening:** The official opening with registration and welcome cocktails is on the evening of 30 May.

**Presentations and workshops:** On 31 May, eminent speakers from the Thai Crown and industry (see below for details) will open proceedings by launching ISL's new book, *Sufficiency Thinking: Thailand's Gift to an Unsustainable*

*World*. This book aims to provide foreigners in particular with an understanding of the Thai Sufficiency Economy Philosophy (SEP). The SEP is an approach to sustainability championed by the King of Thailand that is being implemented nation-wide. Interactive workshops will showcase how sustainable thinking is applied in large and small organisations. The workshops will feature selected presentations by both academics and practitioners from four key sectors demonstrating how SEP works in practice: health, education, business & agriculture and community development.

That night, the Thai Sustainable Development Foundation is hosting a special dinner, enabling delegates to sample a range of Thai foods in the grounds of Ladawan Palace.

**Presentations:** Regular presentations on other topics related to sustainable leadership are scheduled for 1 June.

**Dates:** 30 May-1 June. Plus 29 May (optional visit).

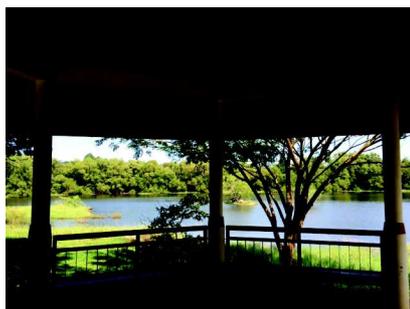
**Venue:** Centara Grand Hotel, in the centre of Bangkok. Come as presenter or part of the audience; academics and practitioners all welcome. [Click here for further details.](#)

## KHAO HIN SON ROYAL DEVELOPMENT STUDY CENTRE

### ISL'S EXTERNAL DEVELOPMENT DAY AND NIGHT 2016

**External Development Day: *Greening a desert*.** This year a very special excursion will take place before the conference begins, on 29 May. ISL's famous External Development Day excursion will visit Khao Hin Son, the first of six Royal Development Study Centres in Thailand (with an overnight stay and three meals included). Spread over 303ha, Khao Hin Son demonstrates a variety of sophisticated agricultural, animal husbandry and water management techniques that were personally conceived, researched and introduced by the Thai King. The visit to this inspiring site is an optional extra component of the 2016 ISL conference. Visit [our website](#) for more details or click here for the [program](#).

Photos (Harry Bergsteiner): Left: the reservoir was built on the parched site in 1979. Centre: Lake vista in 2015 shows no trace of the original arid site. Right: A modest abode for the King at the Centre.



## KEYNOTE SPEAKERS - ISL CONFERENCE

Come and hear three outstanding keynote speakers at the ISL conference:

**Dr. Chirayu Isarangkun Na Ayuthaya:** Chairman of the SCG (Siam Cement Public Co.), Chairman of the Thailand Sustainable Development Institute and Director General of the Crown Property Bureau, Dr. Chirayu Isarangkun will officially open the conference.

**Mr Harald Link:** Head of the B. Grimm Group, whose motto is "doing business with compassion", Mr Link will launch our *Sufficiency Thinking book* by sharing insights into operating a very large diversified business under sustainable principles, drawing from both European and Thai ethics and philosophies.

**Dr Pojjanee Paniangvait:** VP of Thai President Foods, Dr. Paniangvait is our keynote speaker opening the presentations on 1 June. She has worked in the food industry at top managerial level for over 20 years.

## DEFINING CSR WHAT IS CSR REALLY ABOUT?

Benedict Sheehy has been concerned with finding an agreed definition of Corporate Social Responsibility (CSR). This is particularly urgent given the considerable resources being dedicated to CSR activities by increasing numbers of corporations, governments and NGOs (such as the UN). Apart from these considerations, CSR activities themselves are important. Sheehy (2012) investigated whether self-regulation of CSR could work. While he concluded that private self-regulation can work by leveraging the personal intrinsic motivation of responsible managers who were educated in CSR and given discretion to pursue important social ends, he was struck by a consistent lack of clarity about what CSR actually refers to.

The managers he interviewed certainly saw CSR as more than simply donating money to

charity. For them, CSR was a serious effort to behave ethically or 'do the right thing' as a corporate citizen. However, the managers had no clear understanding of the concept of social costs and were not conscious that their firm's activities affect social well-being. So what are we talking about with CSR?

The answer is not easy because CSR is a highly complicated, and subject to differing agendas and political interests. Sheehy (2015) decided to define CSR using concepts of genus, differentia and species, arriving at a definition of CSR as *international private business self-regulation focused on reducing/mitigating industrial harms and providing public good*.

Although today CSR still largely involves private self-regulation, Sheehy notes that India introduced mandatory CSR in its 2013 company law reform.



For more information see: Sheehy, B. Defining CSR: Problems and Solutions. *Journal of Business Ethics*, 2015, 131(3), 625-648 & Sheehy, B. Understanding CSR: an empirical study of private regulation. *Monash University Law Review*, 38(2),103ff.

## RESEARCH WATCH 1 IS SCANDINAVIAN CSR BETTER?

Scandinavia is regarded as a global leader in corporate social responsibility (CSR) and sustainability. Its member countries frequently are over-represented in international corporate social responsibility (CSR) rankings and they top most indexes of CSR performance. Why is that? In this research focus, we summarise three recent articles on CSR in Scandinavia, starting with an overview.

### Overview of CSR and sustainability in Scandinavia

Robert Strand and colleagues depict the current situation in CSR and sustainability in Scandinavia. They explore the foundation for the high regard of Scandinavian countries in CSR and potential contributing factors. They examine the deep-seated traditions of stakeholder engagement across Scandinavia including the claim that the recent concept of "creating shared value" has Scandinavian origins, institutional and cultural factors that encourage strong CSR and sustainability performance, and the recent phenomenon of movement from implicit to explicit CSR in a Scandinavian context and what this may entail. The authors' purpose is for this to serve as a basis to help establish a globally recognised research paradigm dedicated to considering CSR and sustainability in a Scandinavian context. Read further in Robert Strand, R. Edward Freeman and Kai Hockerts. 2015. Corporate Social Responsibility and Sustainability in Scandinavia: An Overview. *J. Business Ethics* 127(1), 1-15.

### What role does the Danish government play in CSR?

Steen Vallentin investigated the roles that the Danish government has played in the development of CSR. Denmark has emerged as a first mover among the Scandinavian countries when it comes to CSR. According to Vallentin, government has played a pivotal role in making this happen, reflecting strong traditions of regulation, corporatism and active state involvement. However, there is no unitary "Danish model of CSR" being promoted by government. Although Danish society is often associated with a model of consensus, Danish government policy on CSR is characterised by a

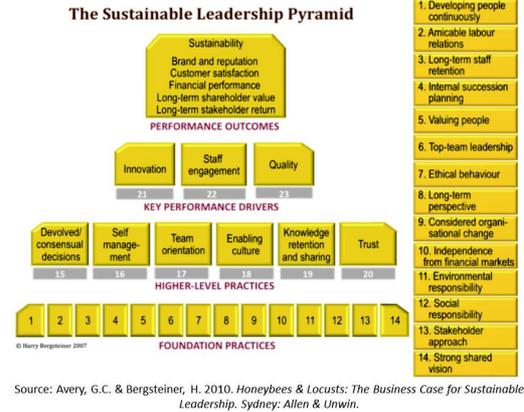
lack of common direction. In order to provide a critical account of 'the Danish model' the author applies a governmentality perspective that stresses political difference. He argues that Danish government policy consists of three distinct regimes of practice and shows how they subject CSR to different modes of rationalisation and action. He concludes that the problem with public policy being split into three is not different as such, but the failure of each regime to recognise the value of the others. As a result, government tends to add to the confusion and opaqueness of CSR. For further details, see Steen Vallentin. 2015. Governmentalities of CSR: Danish Government Policy as a Reflection of Political Difference. *J. Business Ethics* 127(1), 33-47.

### Firm reputation, responsibility, and stakeholder support in Norway, Sweden and Denmark

Deborah Vidaver-Cohen and Peggy Simcic Brønn describe an exploratory study of corporate responsibility, corporate reputation, and stakeholder support in Norway, Sweden and Denmark—countries recognised worldwide as providing an institutional climate uniquely conducive to responsible business practice. Conducting a secondary analysis of Scandinavian data from Reputation Institute's extensive global research on corporate reputation and responsibility, the researchers examine four key questions: First, do Scandinavians agree with external observers that firms in their countries demonstrate superior levels of corporate responsibility? Second, relative to other reputation drivers, to what extent does corporate responsibility predict corporate reputation for the countries in the dataset? Third, to what extent does corporate responsibility predict stakeholder intent in these countries to engage in supportive behaviour toward the firm? Finally, are stakeholder perceptions of and responses to corporate responsibility sufficiently similar across Norway, Sweden, and Denmark to justify claims for a monolithic "Scandinavian approach" to CSR? Previous research examining the relationship of corporate responsibility to corporate reputation and stakeholder support is reviewed, analytical methods are described, results presented, and implications discussed. The article concludes with analysis of study limitations and directions for future research, see: Deborah Vidaver-Cohen and Peggy Simcic Brønn. 2015. Reputation, Responsibility, and Stakeholder Support in Scandinavian Firms: A Comparative Analysis. *J. Business Ethics* 127(1), 49-64.

# HONEYBEE LEADERSHIP THEPTARIN HOSPITAL, BANGKOK

In the 1970s, Professor Thep Himathongkam returned to his home country, Thailand, after completing his medical training in the US. Growing prosperity was transforming Thailand into a country where about one in 13 adult Thais now has diabetes, according to the World Health Organization ([http://www.who.int/features/2012/story\\_diabetes\\_thailand/en/](http://www.who.int/features/2012/story_diabetes_thailand/en/)). Diabetes is a lifelong illness that increases the risk of early heart attacks and strokes, and can lead to premature death and disability. Yet there was no effective health care for diabetes patients when he returned home, so Dr Thep established Theptarin Hospital solely for diabetes care. He did so against all odds - with no skilled staff available to form the necessary team approach to treatment; patients expecting a magic bullet cure and being unwilling to do anything about their own diet



and exercise; a social taboo existing against treating the foot care problems that frequently arise with diabetes; no trained podiatrists or dietitians; among other obstacles. Despite all these odds, Professor Thep persisted. He ended up creating a leading centre for diabetes care that follows Honeybee leadership practices. An analysis of Theptarin’s management and leadership practices shows that they accord with Avery and Bergsteiner’s (2010) sustainable leadership practices. All 23 practices are in operation at Theptarin Hospital, consistent with the action principles of the Thai Sufficiency Economy Philosophy model.

(Photo: Professor Thep examining a patient’s feet).

## ISL CONGRATULATES DR SUPARAK SURIYANKIETKAEW

ISL fellow, Dr. Suparak Suriyankietkaew, has been awarded the competitive National Doctoral Thesis Award by the National Research Council of Thailand. She was recently was presented with her award by the Deputy Prime Minister of Thailand (see photo collage). Last September, she graduated with two doctorate degrees from the College of Management, Mahidol University in Bangkok and the Graduate School of Management, Macquarie University in Sydney. Her thesis was on the subject of sustainable leadership in Thai SMEs. She had previously received two prestigious scholastic awards from the Royal Golden Jubilee PhD grant of Thailand Research Fund and the International Macquarie University Research Excellence Scholarship. Prior to her PhDs, Suparak obtained both bachelor (BSc) and master (MSc) degrees from the University of Maryland, and had worked as a management practitioner and business consultant in Thailand and abroad for over 14 years. Her specialisations focus on leadership, sustainable leadership, sustainability, corporate social responsibility (CSR), corporate strategy and high performance organisations. She is now a member of faculty at the College of Management, Mahidol University.



## REMINDER: PUBLICATION

**JOURNAL OF GLOBAL RESPONSIBILITY:** The *Journal of Global Responsibility* publishes scholarly articles on a wide range of issues related to creating and maintaining sustainable organisations. The editor, Professor Grant Jones, an active member of ISL, is open to quality articles on a wide range of relevant topics. Visit the [journal website](#) for more details.

**STRATEGY & LEADERSHIP:** Reach decision makers by writing for *Strategy and Leadership* (an Emerald journal). Editor Robert Randall is currently seeking articles, cases, interviews and columns that insightfully define a strategic management or leadership problem, dilemma or opportunity from the perspective of senior management; propose a creative solution to the problem or a way to take advantage of the opportunity; describe the model, tool, technique or concept that enables the solution; show evidence or examples that the proposed solution has worked or could work; provide a mini-case of the process in action; show results; list the how-to steps and describe how to perform a diagnostic; note the pitfalls; and lay out next steps. Illuminating quotes from senior corporate leaders are highly valued. References should be presented as endnotes. Visit the [website](#) and/or contact the editor: Robert M. Randall: [RRandallPublish@cs.com](mailto:RRandallPublish@cs.com).

## RESEARCH WATCH 2

### CSR RAISES PERFORMANCE

#### Types of corporate social performance affect reputation and finances

This paper investigated whether and how a firm that engages in different kinds of corporate social performance (CSP) can create a favourable corporate reputation among its stakeholders, and as a result achieve a good financial performance. Building on stakeholder theory, the authors distinguish two types of reputation—reputation among public stakeholders and reputation among financial stakeholders. They argue that CSP activities affect these two reputations differently. In addition, they empirically tested the relationship among different types of CSP, reputation among public and financial stakeholders, and financial performance. Results suggest that (1) Carroll's four types of CSP (i.e. economic, legal, ethical and philanthropic) affect financial performance differently, and (2) their effects are mediated by reputation among public and financial stakeholders. These findings provide guidelines for managers on choosing to emphasise certain CSP aspects in their communication, depending on the specific stakeholder group they are targeting. For more details see: Yijing Wang & Guido Berens. 2015. The Impact of Four Types of Corporate Social Performance on Reputation and Financial Performance. *Journal of Business Ethics*, 131(2), 337-359.

#### CSR enhances bottom of pyramid strategy for market development

In this article, Ramendra Singh, Madhupa Bakshi & Prashant Mishra develop theoretical and empirical linkages between corporate social responsibility (CSR) initiatives of business organisations and their market development efforts at the bottom of the pyramid (BOP). They use qualitative in-depth interviews of 21 CSR heads of business organisations and its CSR partner organisations in India (an emerging market) to explore, develop, and explain plausible theoretical linkages between CSR initiatives of the organisations and its market development efforts at BOP using theory of market separations. Using theoretical frameworks from CSR literature and sub-theory of market separations from marketing literature, the study suggests that market development at BOP is enhanced using the CSR route in several ways. These are, (1)

making the BOP market development less risky, (2) mask the CSR initiative as a BOP pilot project to generate internal traction within the organisation, (3) integrating the BOP communities with the last mile of the supply chain of the organisation, (4) bringing government intervention to accelerate scale-up, and (5) developing BOP as future markets for consumers and supply chain partners to make business more sustainable. This study has several theoretical as well as managerial implications linking organisations' market development efforts at BOP with its CSR initiatives. Further information is available at: Ramendra Singh, Madhupa Bakshi & Prashant Mishra. 2015. Corporate Social Responsibility: Linking Bottom of the Pyramid to Market Development? *Journal of Business Ethics*, 131(2), 361-373.

#### Being environmentally responsible enhances firm performance in financial services

In this study, the researchers examine whether corporate environmental responsibility (CER) plays a role in enhancing operating performance in the financial services sector. Because achieving success with CER investing is often a long-term process, the authors maintain that by effectively investing in CER, executives can decrease their firms' environmental costs, thereby enhancing operating performance. By employing a unique environmental dataset covering 29 countries, they find that the reducing of environmental costs takes at least 1 or 2 years before enhancing return on assets. They also find that reducing environmental costs has a more immediate and substantial effect on the performance of financial services firms in well-developed financial markets than in less-developed financial markets. These results are economically and statistically significant and robust even after alleviating endogeneity and using an additional performance measure. The researchers interpret their empirical results as supporting the social impact and reputation-building hypothesis. Findings also suggest that policy makers dealing with corporate sustainability management should pursue an environment-centered industry policy not only at the manufacturing sector but also at the financial services sector, as firms in both sectors with lower environmental costs perform better. More details are available at: Hoje Jo, Hakkon Kim & Kwangwoo Park. 2015. Corporate Environmental Responsibility and Firm Performance in the Financial Services Sector. *Journal of Business Ethics*, 131(2), 257-284.

## PHOTOS FROM THE G-77 MEETING IN BANGKOK



Gayle Avery speaking at the G77 (above) and Harry Bergsteiner being thanked by the Thai Foreign Minister for acting as rapporteur. (Photos: Prof Thep Himathongkam)

