

THE IMPACT OF CORPORATE SUSTAINABILITY DEVELOPMENT GUIDELINES  
AND MANAGERIAL MOTIVATIONS ON CORPORATE-NGO STRATEGIC  
PARTNERSHIP IN BANGKOK



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Master of Business Administration

by

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#### ABSTRACT

The researcher determines the factors that motivate corporate decision makers in Bangkok to pursue partnership with NGOs, by using the Triple Bottom Line Theory which main construct is about sustainability development and provides a framework for measuring the performance of the business and the success of organization using three dimensions—economic, social and environmental. Specifically, it identified that: (1) economic factors of DJSI and GRI does not directly influence strategic partner of companies in Bangkok with NGOs; (2) social factors of DJSI and GRI does not directly influence strategic partner of companies in Bangkok with NGOs; (3) environment factors of DJSI and GRI directly influence strategic partner of companies in Bangkok with NGOs.

A preliminary survey was conducted to 30 corporate managers from December 2013 to February 2014, they were asked to select the most important and relevant factors from DJSI and GRI that would motivate them to collaborate with NGO for their corporate sustainability development. The result of this preliminary survey was collated and compared to the ten factors that were of high-relevance in previous studies regarding managers' perspective on the cross-sector collaboration. Mixed Methodology was used in this research a survey questionnaire was distributed

to 356 mid-level corporate managers to identify the DJSI/GRI factors that motivate them to consider strategic partnership with NGOs. Then, a thirty-minute in-depth interview was conducted to selected CEO and top management of five Thai companies to ask their perception of strategic partnership with NGOs and how a decision is done to formalize this partnership.

Findings of the study: (1) Both survey and interview results showed that respondents have Neutral perception on economic factors that will drive them to partner with NGOs; (2) A big difference from the perception of Corporate Mangers on social factors as a driving factor for partnership with NGO, and that of the Top Executives who approves major policies in the company believe that social factors does not directly influence corporate-NGO partnership; (3) Both Corporate Managers and Top Executives agreed that environmental factors directly influence corporate-NGO partnership.

*Keywords: DJSI/GRI Assessment Criteria, General Decision-Making Style measurement, Strategic Partnership between Companies and NGOs, Corporate Managers' Motivation to Partner with NGOs in Bangkok*

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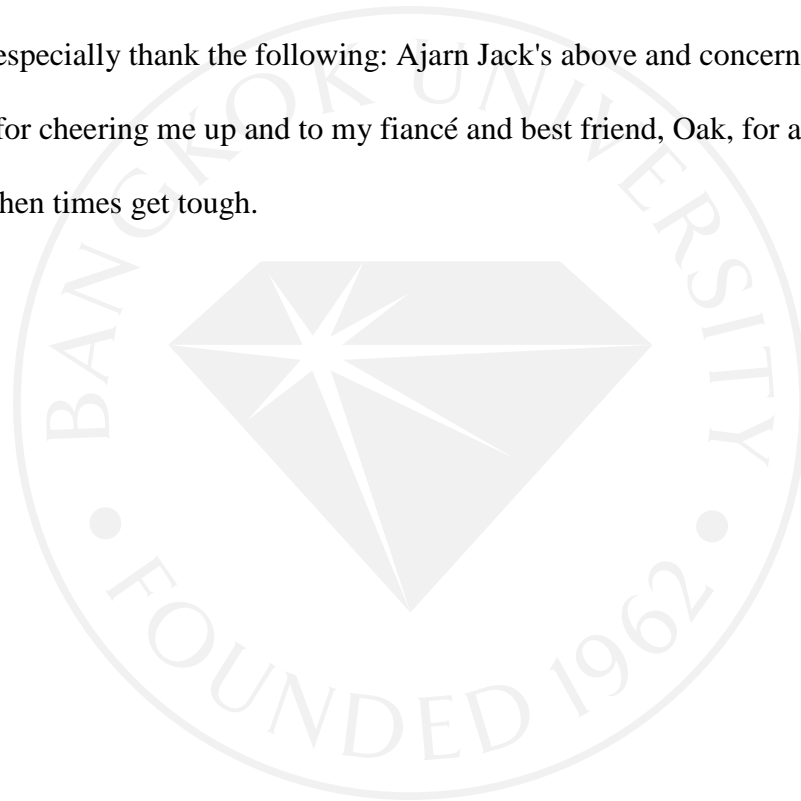
  


Signature of Advisor

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# CHAPTER 1

## INTRODUCTION

### Background

This chapter describes the research proposal of the study which provides information associated with the research. The research proposal includes: research background, statement of the problem, intention and reason for study, objectives of the study, scope of the study, research questions, assumptions, significance of the study, definition of terms, limitations and conceptual framework.

There is a wide range of difficult and complex issues and challenges that affect the society today. Sustainable development, clean water, democratization are just some of the 15 global challenges (see Appendix, Figure 1) listed in the 2009 State of the Future report of the UN Millennium Project (Glenn, Gordon, & Florescu, 2009). Global challenges such as pollution and climatic change, dwindling natural resources, human rights abuses, poverty, and growing economic inequality are all serious threats for society (Boue & Kjaer, 2010). These major upheavals are too serious to be ignored and too enormous to be addressed or solved by only one sector of the society. Hence, law must broaden its scope as war expands over different countries and continents; collaborative actions of global community is indispensable in the alarming threats that come with climate change (Blum, 2008); and infectious diseases respect no national boundaries and cannot be sufficiently tackled without international efforts (Gostin, 2008).

Nevertheless, separate efforts of different governmental institutions, private sectors and NGOs to reach out to the poor and improve their living conditions are

still marred by their capacity and capability to provide assistance to the poor and vulnerable population.

Businesses, particularly multinational corporations, are often held responsible and considered culprit behind many of the challenges the world is facing today (Heap, 2000). Some multinational companies, such as Nike and Shell, are famous for becoming targets of activist scrutiny for various environmental and social issues (Joutsenvirta, 2011). These issues has led to the new trend of corporate social responsibility (CSR), often called soft skills, which dramatically changes how management and its stakeholders operate and position their companies' long-term mission and vision (Buchner, 2012). Buchner (2012) further suggests, "companies that neglect to fulfill their social responsibility towards workers, customers, society and environment at large will not be successful in the long term." As a result, businesses must demonstrate they are operating responsibly, and work to be more accountable to stakeholders (Payne, 2006).

On the contrary, non-governmental organizations (NGOs) play a major role in international development cooperation (McCleary & Barro, 2008). NGOs are formal independent societal organizations whose primary aim is to promote common goals at the national or the international level (Martens, 2002). NGOs are widely believed to be more efficient than official agencies in delivering foreign aid to the poor and needy in recipient countries (McCoskey, 2009).

Sustainable development has paved way to an increasing trend of strategic cross-sector partnership. Apparently, different sectors perceive NGOs-businesses collaborations beneficial and a panacea to many social issues and challenges of the modern time. (Boue & Kjaer, 2010) put forth the importance of these partnerships to

various sectors of the society, “NGOs—seeing engagement as means of achieving their missions, from business—as a way of reaching their goals and gaining competitive advantage, from governments—as an instrument for addressing global challenges and development, and from academics, as a social phenomenon in need of deeper research and understanding.” The growing trend and emphasis on sustainable development has led businesses to merge and form an innovative alliance with NGOs to form sustainable partnerships that would support and greatly contribute to the society. Cross-sector collaborations, such as corporation and NGO partnerships, are critical to the success of meeting the complex social needs in the community (Gordon & Daniels, 2009).

The 1992 World Summit for Sustainable Development in Rio de Janeiro has dawned awareness for cross-sector alliance, i.e., majority of corporations building strategic partnership with nongovernmental organizations (NGOs), international organizations (IOs) and the governments of nation-states to undertake sustainable development issues (LaFrance & Lehmann, 2005).

Twenty years after the Earth Summit in Rio de Janeiro, UN Conference on Sustainable Development “Rio+20” in 2012 has showcased the progress in terms of formulated scientific and policy assessment reports on sustainable development (“Global sustainable development report - executive summary: Building the common future we want,” 2013).

### Problem Statement

The main research problem focuses on these inter-related elements: There is a limited data available on strategic partnerships between NGOs and businesses, particularly in Thailand. Although there is a number of cross-sector collaborations in

Thailand, along with a growing number of local and international NGOs based in the country, very few literature and research has been done and available for reference. This indicates insufficient data that hinders on initiating awareness and interests for businesses and NGOs to form strategic partnerships.

In addition, existing cross-sector collaborations need the necessary data to show the effects of their partnerships to their businesses, NGOs and the society. Moreover, the lack of data fails to demonstrate the impacts on the families and communities who have benefited from these strategic partnerships.

There are three aspects that require data to contribute for future reference and researches on strategic partnerships: (1) The mindset that drives corporate managers to form strategic partnerships with NGO for sustainable development programs; (2) The requirements compulsory to corporations in their operations, management and sustainable development programs set by international sustainable development assessments and reports such as Dow Jones' Sustainability Report, Global Sustainable Development Report, Global Compact Management Model and GRI Guidelines; (3) The business and social benefits of strategic partnership particularly creating business-NGO value, building competitive advantage through Corporate Sustainability, and developing relevant social contributions.

#### Intention and Reason for Study

1. This research is intended to study the motivations of corporate managers in considering partnership with NGO. Hence, the research will be conducted by focusing on determining the driving factors that motivate corporate managers to pursue partnership.

2. The research aims to provide leaders of businesses and NGOs, researchers and students vital data regarding the development of cross-sector collaborations in Thailand.

3. Most importantly, this research is done to fill the gap for further research on strategic partnerships between NGOs and businesses in Thai context.

### Objectives of Study

1. To identify the factors that motivate corporate managers to pursue partnership with NGO.
2. To determine the attitude or mindset of corporate managers on the importance of strategic partnership in addressing sustainable development issues.
3. To describe the business and social benefits of corporations-NGO strategic partnerships

### Scope of the Study

This thesis focuses on the factors that motivate corporate managers to form a strategic partnership with NGO to contribute to sustainable development activities. The study focuses on the factors that initiated and motivated private and civil sector to merge and form strategic partnerships. Essential requirements, reports and assessments--Dow Jones Sustainability Index with GRI Guidelines -- for business standards on their operations and management of their companies on sustainable development and is used to gauge forming strategic cross-sector partnership is reviewed and discussed thoroughly in the thesis.

### Research Question

The main research question to be addressed in this thesis is:

1. What motivates corporate decision makers in Bangkok to pursue partnership with NGOs?

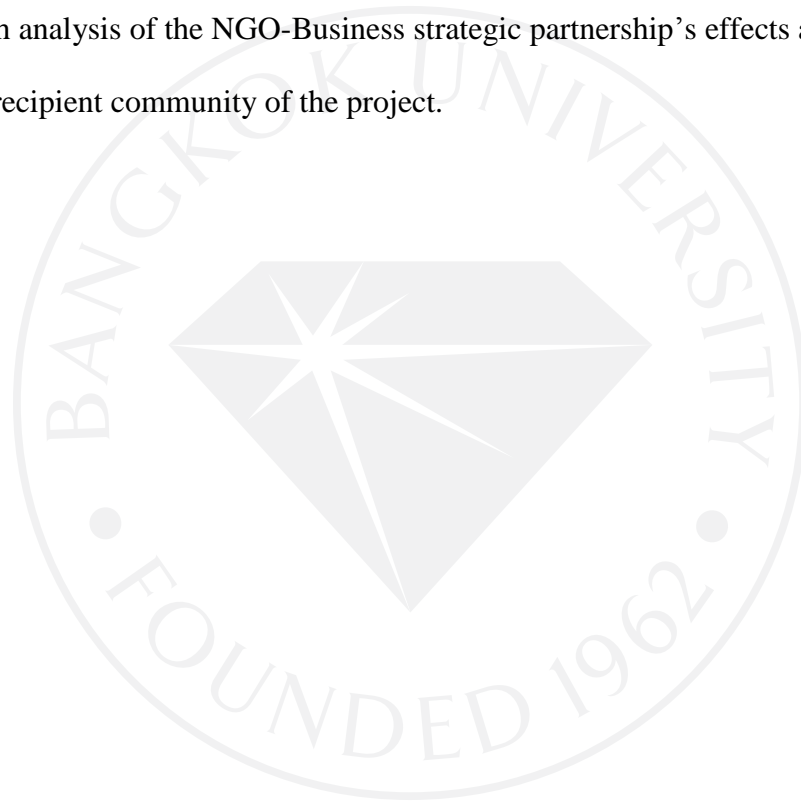
### Significance of the Study

The minimal research on this topic limits both private and civil sectors in Thailand to see the potential of cross-sector partnership; hence, this thesis would present the relevant factors for strategic cross-sector collaboration on boosting businesses and impacting the society. Those in the academe will gain insights about the driving factors and development of strategic partnership; thus raising awareness for the relevance and importance of NGO-business partnership for maintaining a company's sustainable development. The results and/or outcomes of this thesis would contribute for further development of the research on this field.

### Limitation of the Study

This research is conducted to analyze the driving factors that motivate corporation managers to form strategic partnership with NGOs. Therefore, this thesis does not discuss extensive effects and/or a representation of business and NGO partnerships in Thailand and overseas; nor does this research advocate that cross-sector collaboration undermines government policies and projects to solve social issues and challenges.

Future research could add more variables in determining the impact of cross-sector collaboration on business and the rural Thai community to further validate and fortify the study. In addition, comparing various business and NGO partnerships in Thailand in terms of similarities and differences on their motivations, operations and project outcomes. Further research could also tackle the changing trends in business-NGO partnerships, explore on the difficulties and benefits of strategic partnerships, in-depth analysis of the NGO-Business strategic partnership's effects and/or impacts on the recipient community of the project.



### Conceptual Framework

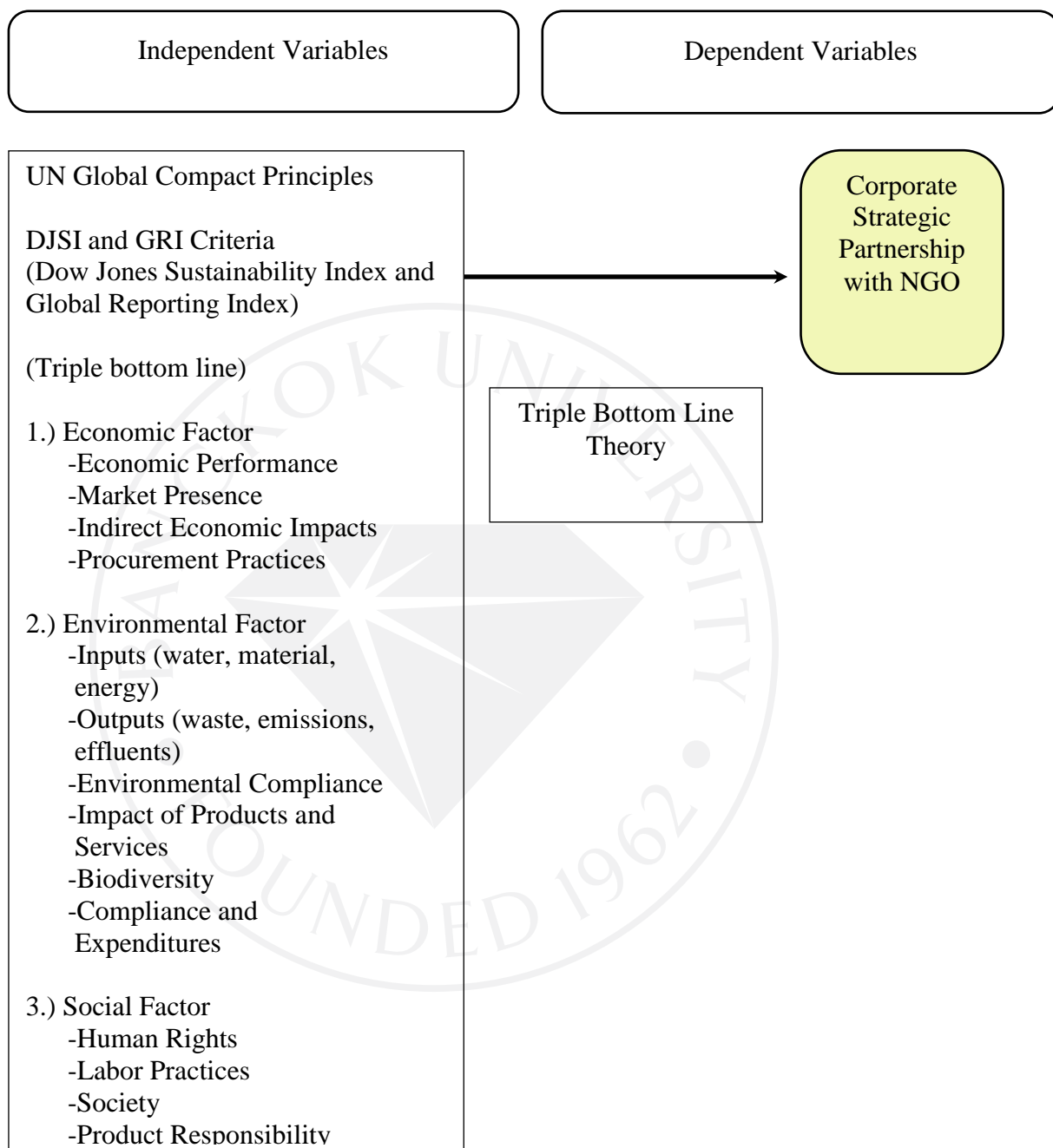


Figure 1.1 : Conceptual Framework



The variables used in this research:

Independent variables: The factors that motivate corporate managers based on

Global Compact Sustainability Development Requirements - DJSI and GRI

Sustainability Assessment Criteria

1.) Economic Factor

- Economic Performance
- Market Presence
- Indirect Economic Impacts
- Procurement Practices

2.) Environmental Factor

- Inputs (water, material, energy)
- Outputs (waste, emissions, effluents)
- Environmental Compliance
- Impact of Products and Services
- Biodiversity
- Compliance and Expenditures

3.) Social Factor

- Human Rights
- Labor Practices
- Society
- Product Responsibility

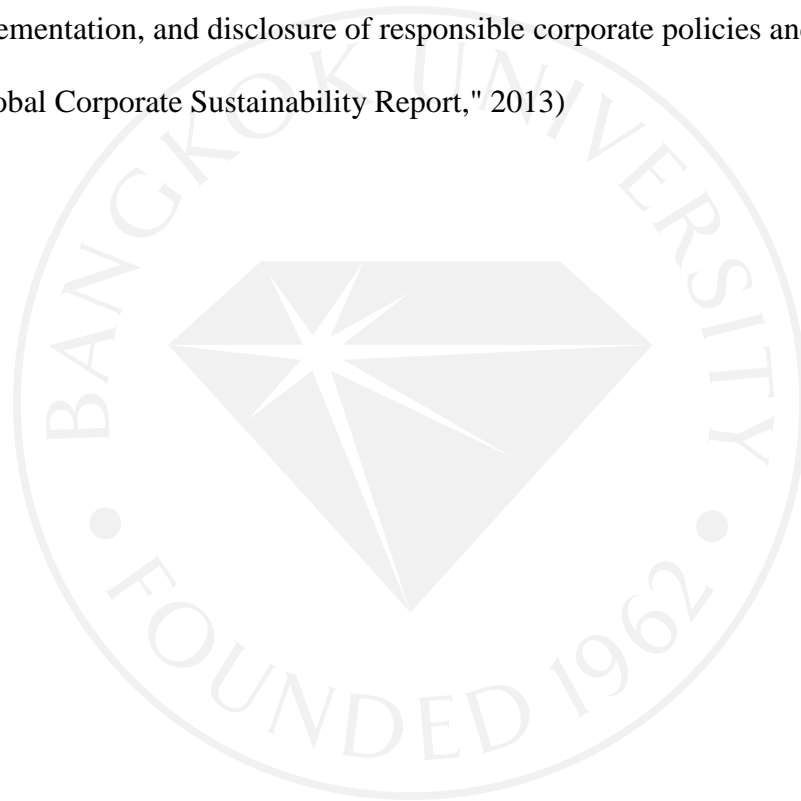
Dependent variable: Strategic Partnership between Corporation and NGO

### Definition of Terms

- a. Business sustainability -The term refers to the long-term survival of the organization in the business world (Kunreuther, 2003). The construct of business sustainability connects a wide range of ideas in areas like operations management, business strategy, accounting, and environmental science (Pojasek, 2007).
- b. Corporate sustainability - A company's delivery of long-term value in financial, social, environmental and ethical terms. It covers all principles and issue areas of sustainable development. The terms "corporate sustainability," "corporate responsibility" and "sustainability" are used interchangeably (UN Global Compact, 2011).
- c. Corporate Social Responsibility (CSR) - Byus, Deis, and Ouyang (2010) defined CSR as the voluntary actions taken by the organization to improve the environmental or social conditions. Similarly, CSR has also been defined as the actions of the organization that further the social good beyond the objective of fulfilling law requirements (McWilliams and Siegel, 2001).
- d. Dow Jones Sustainability Index (DJSI) - an internationally acclaimed benchmarks on corporate sustainability which monitor the leading companies' sustainability practices and performance (Dow Jones Sustainability Index, 2013).
- e. Global Reporting Initiative (GRI) - a leading organization in the sustainability field, it promotes the use of sustainability reporting as a way for organizations to become more sustainable and contribute to sustainable development.

- f. GRI Guidelines - are the set of sustainable guidelines set by GRI for companies to base their sustainability development reports which are divided into three categories — economic, social and environment
- g. GRI Reporting Framework - intended to provide a generally accepted framework for reporting on an organization's economic, environmental, and social performance
- h. Non-governmental Organization (NGO) - are commonly perceived as proxies from societal and environmental needs as their organization legitimacy is grounded in societal representation (Valor & Diefo, 2009)
- i. Stakeholders - are defined as entities or individuals that can be significantly affected by the organization's activities, products, and services; and whose actions can be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. This includes entities or individuals whose rights under law or international conventions provide them with legitimate claims vis-à-vis the organization ("G4 Sustainability Reporting Guidelines," 2013).
- j. Sustainability - According to Dyllick and Hockerts (2002), sustainability represents the societal development and evolution in the direction of a wealthy and more comfortable world where the natural environment and cultural accomplishments are reserved for future generations.
- k. Sustainability Development - Brundtland (1987) defined the term as “the development in the economic and social areas that satisfy the needs of the existing generation without compromising the capability of the future generations to satisfy their own needs” (p. 43).

- l. Triple bottom line (TBL) - TBL is a sustainability-related construct. It expresses the expansion of the environmental agenda in a way that integrates the economic and social dimensions (Elkington, 1997). TBL provides a framework for measuring the performance of the business and the success of the organization using the economic, social, and environmental lines (Goel, 2010).’
- m. United Nations Global Compact - a leadership platform for the development, implementation, and disclosure of responsible corporate policies and practices ("Global Corporate Sustainability Report," 2013)



## CHAPTER 2

### LITERATURE REVIEW

#### Related Literature and Previous Studies

This chapter describes the sustainability development guidelines and framework, the concept of strategic partnership between NGOs and Businesses and the vital role of top managers and CEOs in cross-sector collaboration between corporations and NGOs. The literature review addresses the guidelines, framework and relevance of sustainability development globally. The literature review covers the following: related literature and previous studies on concept of Sustainability Development, UN Global Compact, GRI Sustainability Reporting Guidelines and DJSI Framework, motivations of top corporate management on strategic partnership with NGOs, NGOs, phenomenon of strategic partnerships between corporations and NGOs, roles of Corporate Managers in Decision Making, Decision Making Process, related theories (theories used by researchers on previous studies about NGO-business strategic partnerships and Global Compact management model), hypotheses and theoretical framework.

#### Sustainability Development

DJSI Review has defined sustainability as “a company’s capacity to prosper in a hyper-competitive and changing global business environment” ("Dow Jones Sustainability World Index Guide," 2013). Recognition of social, environmental, and economic decision-making are essential in fulfilling human development(Gagne, 2002). The Brundtland 1987 report, Our Common Future, introduced the concept of

sustainability development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (“Our Common Future: The World Commission on Environment and Development,” 1987).

The Governments have used sustainable development as an encompassing objective at the 1992 Earth Summit with a set of Rio Principles and global action plan, adoption of Agenda 21, which is comprised of many goals and targets, the Rio Declaration, and the establishment of Commission on Sustainable Development. The inception of sustainability science as a new interdisciplinary, unified scientific endeavor in the 21st century was prominent during the 2012 UN Conference on Sustainable Development “Rio+20” (“Global Sustainable Development Report - Executive Summary: Building the Common Future We Want,” 2013). Hence, the governments and international organizations are campaigning awareness on corporations and organizations to practice and inculcate sustainability development in their business practices.

In accordance, the UN Secretary-General required the Division for Sustainable Development of the Department of Economic and Social Affairs to tackle “in-depth analysis and evaluation of trends and scientific analysis in the implementation of sustainable development, including lessons learned, best practices and new challenges, and cross-sectoral analysis of sustainable development issues (“Global Sustainable Development Report - Executive Summary: Building the Common Future We Want,” 2013). The 2013 Global Sustainable Development Report clusters world issues from 1950-2013, where it put forth on learning from the past to redirect societies and economies to sustainable development by 2050. The sustainability

development entails the challenge to all stakeholders to “eliminate poverty and hunger; feed, nurture, house, educate and employ more than nine billion people; secure peace, security and freedom; and preserve the Earth’s basic life support systems” (“Global Sustainable Development Report - Executive Summary: Building the Common Future We Want,” 2013).

Companies that anticipate and manage current and future economic, environmental and social opportunities and risks by focusing on quality, innovation and productivity will emerge as leaders that are more likely to create a competitive advantage and long-term stakeholder value (“Dow Jones Sustainability World Index Guide,” 2013).

### The Global Compact

The United Nations Global Compact is the world’s largest corporate sustainability initiative which was launched in 2000 and had grown to cover more than 12,000 signatories based on 145 countries. UN Global Compact is leadership platform for the development, implementation and disclosure of responsible corporate policies and practices (“Global Corporate Sustainability Report,” 2013). The member companies are expected to align their operations and strategies with the ten principles of United Nations Global Compact and to take actions and support UN goals and issues:

Table 2.1 : Principles of UN Global Compact ("Global Corporate Sustainability Report," 2013)

Principles of UN Global Compact	
HUMAN RIGHTS	
PRINCIPLE 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
PRINCIPLE 2	make sure that they are not complicit in human rights abuses.
LABOUR	
PRINCIPLE 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
PRINCIPLE 4	the elimination of all forms of forced and compulsory labour;
PRINCIPLE 5	the effective abolition of child labour; and
PRINCIPLE 6	the elimination of discrimination in respect of employment and occupation.
ENVIRONMENT	
PRINCIPLE 7	Businesses should support a precautionary approach to environmental challenges;
PRINCIPLE 8	undertake initiatives to promote greater environmental responsibility; and
ANTI-CORRUPTION	
PRINCIPLE 9	Businesses should work against corruption in all its forms, including extortion and briber

#### Global Compact Management Model

The Global Compact Model is a comprehensive tool designed by the United Nations to guide companies and evaluate the current state of corporate sustainability. This model was developed to further validate the Global Compact principles for



companies to maximize corporate sustainability performance. It consisted of six management process for companies to commit, assess, define, implement, measure and communicate a corporate sustainability strategy. The six steps of the model form a circular process by which companies can constantly adapt and progress alignment with the UN Global Compact's Ten Principles and both local and international regulations for corporate sustainability ("Global Corporate Sustainability Report," 2013).

### Global Reporting Initiative (GRI)

The idea behind the Global Reporting Initiative (GRI) is that reports on businesses' economic and social achievements become just as commonplace as those on their financial performance. The GRI stipulates specific guidelines on sustainable reporting as well as recommendations for companies on how to communicate their CSR activities effectively. GRI is based on a set of Reporting Principles that aim to give stakeholders a clearer picture on the one hand, and enable a comparison of the various social and ecological approaches and measures on the other ("GRI Sustainability Reporting Guidelines," 2011). The Reporting Principles are divided into two groups: Principles for Defining Report Content and Principles for Defining Report Quality. The Principles for Defining Report Content describe the process to be applied to identify what content the report should cover by considering the organization's activities, impacts, and the substantive expectations and interests of its stakeholders. The Principles for Defining Report Quality guide choices on ensuring the quality of information in the sustainability report, including its proper presentation ("G4 Sustainability Reporting Guidelines," 2013).

The GRI Reporting Principles for Defining Report Content are materiality, stakeholder inclusiveness, sustainability context and completeness which are utilized to describe the report content ("GRI Sustainability Reporting Guidelines," 2011).

Table 2.2 : Principles for Defining Report Content ("G4 Sustainability Reporting Guidelines," 2013)

Principles for Defining Report Content	
1. Stakeholder Inclusiveness	
Principle:	The organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.
2. Sustainability Context	
Principle:	The report should present the organization's performance in the wider context of sustainability.
3. Materiality	
Principle:	The report should cover Aspects that: <ul style="list-style-type: none"> <li>- Reflect the organization's significant economic, environmental and social impacts; or</li> <li>- Substantively influence the assessments and decisions of stakeholders</li> </ul>
4. Completeness	
Principle:	The report should include coverage of material Aspects and their Boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period.

The GRI Reporting Principles for Defining Report Quality are balance, comparability, accuracy, timeliness, clarity and reliability which assures transparency and quality of all the information regarding a company.

Table 2.3 : Principles for Defining Report Quality ("G4 Sustainability Reporting Guidelines," 2013)

Principles for Defining Report Quality	
1. Balance	
Principle:	The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.
2. Comparability	
Principle:	The organization should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations.
3. Accuracy	
Principle:	The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization's performance.
4. Timeliness	
Principle:	The organization should report on a regular schedule so that information is available in time for stakeholders to make informed decisions.
5. Clarity	
Principle:	The organization should make information available in a manner that is understandable and accessible to stakeholders using the report.
6. Reliability	
Principle:	The organization should gather, record, compile, analyze and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information.

## GRI Guidelines

The GRI Guidelines is applicable to all types and sizes of organizations operating in any sector to aid their sustainability efforts and serve as a benchmark in reporting to their stakeholders their contributions and impacts on sustainability development. These guidelines are internationally acclaimed as a general reporting framework and method for sustainability development. GRI Guidelines are divided into three categories--economic, environmental and social (also known as the 'triple bottom line')--each of these categories contain aspects that indicate the company's notable sustainable impact or that could affect the judgments and decisions of stakeholders. The social category is break down into four sub-categories, which are Labour Practices, Decent Work, Human Rights, Society and Product Responsibility. ("G4 Sustainability Reporting Guidelines," 2013).

Category - Economic: The economic dimension of sustainability concerns the organization's impacts on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organization ("G4 Sustainability Reporting Guidelines," 2013).

Category - Environmental: The environmental dimension of sustainability concerns the organization's impact on living and non-living natural systems, including land, air, water and ecosystems. It covers impacts related to inputs (such as energy and water) and outputs (such as emissions, effluents and waste). In addition, it covers biodiversity, transport, and product and service-related impacts, as well as

environmental compliance and expenditures ("G4 Sustainability Reporting Guidelines," 2013).

Category - Social: The social dimension of sustainability concerns the impacts the organization has on the social systems within which it operates. The Social Category includes the sub-Categories: Labor Practices and Decent Work, Human Rights, Society, and Product Responsibility ("G4 Sustainability Reporting Guidelines," 2013).

There is growing global consensus that organizations have the responsibility to respect human rights ("Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework," 2011). The international legal framework for human rights is comprised of a body of law made up of treaties, conventions, declarations and other instruments.

Table 2.4 : GRI Guidelines ("G4 Sustainability Reporting Guidelines," 2013)

GRI Guidelines		
Category	ECONOMIC	ENVIRONMENT
Aspects	<ul style="list-style-type: none"> <li>-Economic Performance</li> <li>-Market Presence</li> <li>-Indirect Economic Impacts</li> <li>-Procurement Practices</li> </ul>	<ul style="list-style-type: none"> <li>-Materials</li> <li>-Energy</li> <li>-Water</li> <li>-Biodiversity</li> <li>-Emissions</li> <li>-Effluents and Waste</li> <li>-Products and Services</li> <li>-Compliance</li> <li>-Transport</li> <li>-Overall</li> <li>-Supplier Environmental Assessment</li> <li>-Environmental Grievance Mechanisms</li> </ul>

(Continued)

Table 2.4 (Continued) : GRI Guidelines ("G4 Sustainability Reporting Guidelines," 2013)

Category	SOCIAL			
Sub-Categories	Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
Aspects	-Employment -Labor / Management Relations -Occupational Health and Safety -Training and Education -Diversity and Equal Opportunities -Equal Remuneration for Women and Men -Supplier Assessment for Labor Practices -Labor Practices Grievance Mechanisms	-Investment -Non-discrimination -Freedom of Association and Collective Bargaining -Child Labor Forced or Compulsory Labor -Security Practices -Indigenous Rights -Assessment -Supplier Human Rights Assessment -Human Rights Grievance Mechanisms	-Local Communities -Anti-corruption -Public Policy -Anti-competitive Behavior -Compliance -Supplier Assessment for Impacts on Society -Grievance Mechanisms for Impacts on Society	-Customer Health and Safety -Product and Service Labeling -Marketing Communication -Customer Privacy -Compliance

### DJSI

Dow Jones Sustainability Index (DJSI) was jointly established in 1999 by S&P Dow Jones Indices (index provider) and RobecoSAM (specialist in Sustainability Investing) to give provisions to investors with objective benchmarks for managing their sustainability investment portfolios. DJSI assesses the performance of

the world's largest companies using RobecoSAM's annual Corporate Sustainability Assessment (CSA) ("Measuring Intangibles: RobecoSAM's Corporate Sustainability Assessment Methodology," 2013). DJSI uses a best-in-class approach to appoint the sustainability leaders from across all industries based on pre-defined sustainability criteria from the CSA. Every year, only 10% of companies from each industry are included in the Dow Jones Sustainability World Index, for that reason companies are required to strengthen their sustainability initiatives to remain in the index.

A growing number of companies define inclusion in the DJSI as a corporate goal as it publicly endorses their approach to addressing key sustainability issues on the basis of a structured and objective comparative analysis ("Dow Jones Sustainability World Index Guide," 2013).

Table 2.5 : Principles of DJSI's CSA Approach ("Dow Jones Sustainability World Index Guide," 2013).

Principles of DJSI's CSA Approach
Sustainable business practices are critical to the creation of long-term stakeholder value in an increasingly resource-constrained world
Sustainability factors represent opportunities and risks that competitive companies must address

Corporate Sustainability Assessment (CSA): DJSI utilized CSA as a research methodology for more than a decade and become globally renowned for corporate sustainability. It has grounded industry standard for determining the leading companies incorporating corporate sustainability in their operations, strategies and practices ("Dow Jones Sustainability World Index Guide," 2013). The DJSI

methodology facilitates the design, development and delivery of customized sustainability indices; e.g. indices covering regional or country subsets, indices covering different industry groups, indices excluding certain activities (such as ethical exclusions), indices with custom exclusion criteria and indices denominated in different currencies ("Dow Jones Sustainability World Index Guide," 2013).

CSA was designed to identify companies that are better equipped to recognize and respond to emerging sustainability opportunities and challenges presented by global and industry trends. CSA acquires Total Sustainability Score for eligible companies from industry specific questionnaires which covers economic, environmental and social dimensions. The questionnaire is designed to ensure objectivity by limiting qualitative answer through pre-defined multiple-choice questions. RobecoSAM analysts evaluate the response using a predefined appraisal method, and convert the response into a quantitative score ("Measuring Intangibles: RobecoSAM's Corporate Sustainability Assessment Methodology," 2013).

The strict and rigorous process of CSA is accompanied with an ongoing monitoring of Media and Stakeholder Analysis (MSA) wherein a companies participation and response to environmental, economic and social crisis situations are solicited from publicly available data from the media and the company's stakeholders. RobecoSAM utilized RepRisk, a leading provider of media monitoring tools, to compile daily news on diverse issues, "economic crime or corruption, fraud, illegal commercial practices, human rights issues, labor disputes, workplace safety,



catastrophic accidents or environmental disasters" which affects a company's Total Sustainability Score.

CSA meticulous analysis is then followed by a rigid deliberation of the DJSI Index Design Committee to determine a company's eligibility to be in the Dow Jones Sustainability Index ("Dow Jones Sustainability World Index Guide," 2013).

Table 2.6 : DJSI Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Corporate governance	Human-capital development	Environmental reporting
Risk and crisis management	Talent attraction and retention	Industry-specific criteria
Codes of conduct/compliance/anti-corruption and bribery	Labor practice indicators	
Industry-specific criteria	Corporate citizenship / philanthropy	
	Social reporting	
	Industry-specific criteria	

Note: Each of the criteria varies per industry.

Table 2.7 : Airlines Industry (AIR) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Antitrust Policy	Stakeholder Engagement	Environmental Policy/ Management System
Brand Management		Operational Eco-Efficiency
Customer Relationship Management		
Efficiency		
Fleet Management		
Reliability		
Supply Chain Management		

Table 2.8 : Aluminum (ALU) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Customer Relationship Management	Enabling Local Dimension	Environmental Policy/ Management System
Supply Chain Management	Occupational Health and Safety	Operational Eco-Efficiency
Transparency	Social Impacts on Communities	Climate Strategy
	Stakeholder Engagement	Water Related Risks

Table 2.9 : Aerospace & Defense (ARO) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Antitrust Policy	Occupational Health and Safety	Environmental Policy/ Management System
Compliance with Applicable Export Control Regimes	Stakeholder Engagement	Operational Eco-Efficiency
Customer Relationship Management		Climate Strategy
Innovation Management		Product Stewardship
Supply Chain Management		

Table 2.10 : Auto Components (ATX) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Innovation Management	Occupational Health and Safety	Environmental Policy/ Management System
Supply Chain Management	Stakeholder Engagement	Operational Eco-Efficiency
		Climate Strategy
		Product Stewardship

Table 2.11 : Automobiles (AUT) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Innovation Management	Occupational Health and Safety	Environmental Policy/ Management System
Brand Management	Stakeholder Engagement	Operational Eco-Efficiency
Supply Chain Management		Climate Strategy
		Product Stewardship
		Low Carbon Strategy

Table 2.12 : Banks (BNK) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Anti-Crime Policy/ Measures	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Stakeholder Engagement	Operational Eco-Efficiency
Supply Chain Management	Financial Inclusion	Climate Strategy
Brand Management	Controversial Issues, Dilemmas in Lending / Financing	Business Risks and Opportunities
Financial Stability and Systemic Risk		

Table 2.13 : Biotechnology (BTC) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Customer Relationship Management	Occupational Health and Safety	Environmental Policy/ Management System
Innovation Management	Stakeholder Engagement	Operational Eco-Efficiency
Supply Chain Management	Addressing Cost Burden	Climate Strategy
Marketing Practices	Health Outcome Contribution	
	Bioethics	
	Strategy to Improve Access to Drugs or Products	

Table 2.14 : Beverages (BVG) Assessment Criteria("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Customer Relationship Management	Occupational Health and Safety	Environmental Policy/ Management System
Innovation Management	Responsibility for Alcoholic Products	Operational Eco-Efficiency
Supply Chain Management		Climate Strategy
Strategy for Emerging Markets		Genetically Modified Organisms
Brand Management		Packaging

(Continued)

Table 2.14 (Continued) : Beverages (BVG) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Health and Nutrition		Raw Material Sourcing
		Water Related Risks

Table 2.15 : Chemicals (CHM) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Customer Relationship Management	Occupational Health and Safety	Environmental Policy/ Management System
Innovation Management		Operational Eco-Efficiency
Supply Chain Management		Climate Strategy
Antitrust Policy		Genetically Modified Organisms
		Product Stewardship

Table 2.16 : Communications Equipment (CMT) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Customer Relationship Management	Digital Inclusion	Environmental Policy/ Management System

(Continued)

Table 2.16 (Continued) : Communications Equipment (CMT) Assessment Criteria  
 ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Innovation Management	Stakeholder Engagement	Operational Eco-Efficiency
Supply Chain Management		Climate Strategy
Antitrust Policy		Electro Magnetic Fields
Privacy Protection		Product Stewardship
Brand Management		Hazardous Substances

Table 2.17 : Casino and Gaming (CNO) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Anti-Crime Policy/ Measures	Promoting Responsible Gaming	Environmental Policy/ Management System
Brand Management	Stakeholder Engagement	Operational Eco-Efficiency
Supply Chain Management		
Antitrust Policy		

Table 2.18 : Coal and Consumable Fuels (COL) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Enabling Local Development	Environmental Policy/ Management System
Transparency	Social Impacts on Communities	Operational Eco-Efficiency
	Mine Closure	Climate Strategy
	Occupational Health and Safety	Mineral Waste Management
	Security Forces	Biodiversity
	Stakeholder Engagement	Water Related Risks

Table 2.19 : Construction Materials (COM) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Antitrust Policy	Stakeholder Engagement	Operational Eco-Efficiency
Customer Relationship Management		Climate Strategy
		International Production Standards
		Biodiversity

(Continued)



Table 2.19 (Continued) : Construction Materials (COM) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
		Recycling Strategy
		Water Related Risks

Table 2.20 : Construction and Engineering (CON) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Non-financial Project Evaluation		Operational Eco-Efficiency
Antitrust Policy		Climate Strategy
Customer Relationship Management		Building Materials
		Resource Conservation and Resource Efficiency

Table 2.21: Personal Products (COS) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System

(Continued)

Table 2.21 (Continued): Personal Products (COS) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Strategy for Emerging Markets		Operational Eco-Efficiency
Brand Management		Packaging
Customer Relationship Management		Product Stewardship
Innovation Management		

Table 2.22 : Diversified Consumer Services (CSV) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy/ Management System
Customer Relationship Management		Operational Eco-Efficiency
Brand Management		
Privacy Protection		

Table 2.23 : Containers and Packaging (CTR) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy/ Management System
Customer Relationship Management		Operational Eco-Efficiency
Antitrust Policy		Climate Strategy
		Product Stewardship

Table 2.24 : Household Durables (DHP) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy/ Management System
Customer Relationship Management		Operational Eco-Efficiency
Brand Management		Product Stewardship
Innovation Management		

Table 2.25 : Pharmaceuticals (DRG) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Health Outcome Contribution	Operational Eco-Efficiency
Marketing Practices	Stakeholder Engagement	Climate Strategy
Innovation Management	Strategy to Improve Access to Drugs or Products	
	Addressing Cost Burden	
	Bioethics	

Table 2.26 : Electric Utilities (ELC) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Scorecards/Measurement System	Stakeholder Engagement	Operational Eco-Efficiency
Market Opportunities		Climate Strategy
Customer Relationship Management		Transmission and Distribution
Antitrust Policy		Biodiversity

(Continued)

Table 2.26 (Continued): Electric Utilities (ELC) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Price Risk Management		Electric Generation
		Water Related Risks

Table 2.27 : Electrical Components and Equipment (ELQ) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Strategy for Emerging Markets		Operational Eco-Efficiency
Innovation Management		Climate Strategy
Customer Relationship Management		Product Stewardship
		Water Related Risks

Table 2.28 : Diversified Financial Services and Capital Markets (FBN) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System

(Continued)

Table 2.28 (Continued): Diversified Financial Services and Capital Markets (FBN)

Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Financial Stability and Systemic Risk	Controversial Issues, Dilemmas in Lending / Financing	Operational Eco-Efficiency
Brand Management	Financial Inclusion	Climate Strategy
Customer Relationship Management	Stakeholder Engagement	Business Risks and Opportunities
Anti-crime Policy/ Measures		

Table 2.29 : Food and Staples Retailing (FDR) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management		Operational Eco-Efficiency
Health and Nutrition		Packaging
		Genetically Modified Organisms
		Raw Material Sourcing
		Water Related Risks

Table 2.30 :Food Products (FOA)Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Strategy for Emerging Markets		Operational Eco-Efficiency
Health and Nutrition		Climate Strategy
Customer Relationship Management		Genetically Modified Organisms
Innovation Management		Raw Material Sourcing
		Water Related Risks
		Packaging

Table 2.31 : Paper and Forest Products (FRP) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Ecosystem Services	Stakeholder Engagement	Operational Eco-Efficiency
Customer Relationship Management		Sustainable Management of Forests
		Genetically Modified Organisms

(Continued)

Table 2.31 (Continued): Paper and Forest Products (FRP) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
		Product Stewardship
		Biodiversity
		Sustainable Fibre and Pulp Sourcing

Table 2.32: Gas Utilities (GAS) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Antitrust Policy	Stakeholder Engagement	Operational Eco-Efficiency
Customer Relationship Management		Biodiversity
Market Opportunities		Transmission and Distribution
Price Risk Management		Climate Strategy
Scorecards/Measurement Systems		Manufactured Gas Plants



Table 2.33: Health Care Providers and Services (HEA) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Marketing Practices	Partnership Towards Sustainable Healthcare	Operational Eco-Efficiency
Customer Relationship Management	Stakeholder Engagement	Climate Strategy
	Service to Patients	

Table 2.34: Homebuilding (HOM) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Antitrust Policy		Operational Eco-Efficiency
		Building Materials
		Resource Conservation and Resource Efficiency

Table 2.35: Household Products (HOU) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Strategy for Emerging Markets		Operational Eco-Efficiency
Brand Management		Packaging
Innovation Management		Product Stewardship
Customer Relationship Management		

Table 2.36 : Commercial Services and Supplies (ICS) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management		Operational Eco-Efficiency
		Climate Strategy

Table 2.37: Industrial Conglomerates (IDD) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Strategy for Emerging Markets		Operational Eco-Efficiency
Customer Relationship Management		Climate Strategy
Innovation Management		Product Stewardship
		Water Related Risks

Table 2.38 : Machinery and Electrical Equipment (IEQ) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Strategy for Emerging Markets		Operational Eco-Efficiency
Customer Relationship Management		Climate Strategy
Innovation Management		Product Stewardship
Antitrust Policy		Water Related Risks

Table 2.39 : Insurance (INS) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Strategy for Emerging Markets		Operational Eco-Efficiency
Customer Relationship Management		Climate Strategy
Innovation Management		Product Stewardship
Antitrust Policy		Water Related Risks
Brand Management		

Table 2.40 : Electronic Equipment, Instruments and Components (ITC) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Financial Inclusion	Operational Eco-Efficiency
Brand Management	Stakeholder Engagement	Business Risks and Opportunities
		Risk Detention

Table 2.41 : Leisure Equipment and Products and Consumer Electronics Assessment

Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy/ Management System
Customer Relationship Management		Operational Eco-Efficiency
Innovation Management		Product Stewardship
Antitrust Policy		Climate Strategy
Brand Management		Hazardous Substances

Table 2.42: Life Science Tools and Services (LIF) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy/ Management System
Customer Relationship Management	Occupational Health and Safety	Operational Eco-Efficiency
Innovation Management	Bioethics	Climate Strategy
Marketing Practices		

Table 2.43 : Metals and Mining (MNX) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Enabling Local Development	Environmental Policy/ Management System
Transparency	Occupational Health and Safety	Operational Eco-Efficiency
	Mine Closure	Climate Strategy
	Stakeholder Engagement	Biodiversity
	Social Impacts on Communities	Mineral Waste Management
	Security Forces	Water Related Risks

Table 2.44: Health Care Equipment and Supplies (MTC) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Health Outcome Contribution	Operational Eco-Efficiency
Innovation Management	Strategy to Improve Access to Drugs or Products	Climate Strategy
Marketing Practices	Stakeholder Engagement	
	Addressing Cost Burden	
	Bioethics	

Table 2.45 : Multi and Water Utilities (MUW) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Access to Water	Operational Eco-Efficiency
Price Risk Management	Stakeholder Engagement	Climate Strategy
Market Opportunities		Biodiversity
Antitrust Policy		Electricity Generation
Scorecards/Measurement Systems		Water Related Risks
		Transmission and Distribution

Table 2.46 : Energy Equipment and Services (OIE) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Stakeholder Engagement	Operational Eco-Efficiency
		Releases to the Environment

Table 2.47 : Oil and Gas (OIX) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Exploration and Production	Stakeholder Engagement	Operational Eco-Efficiency
Gas Portfolio	Social Impacts on Communities	Releases to the Environment
		Climate Strategy
		Water Related Risks
		Biodiversity

Table 2.48 : Oil and Gas Storage and Transportation (PIP) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Stakeholder Engagement	Operational Eco-Efficiency
Diversification	Social Impacts on Communities	Releases to the Environment
		Biodiversity



Table 2.49 : Professional Services (PRO) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management		Operational Eco-Efficiency

Table 2.50 : Media (PUB) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy/ Management System
Customer Relationship Management	Stakeholder Engagement	Operational Eco-Efficiency
Online Risks and Opportunities	Responsibility of Content	
Independence of Content		

Table 2.51 : Real Estate (REA) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy / Management System
Antitrust Policy	Social Integration	Biodiversity

(Continued)

Table 2.51 (Continued) : Real Estate (REA) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
	Stakeholder Engagement	Building Materials
		Climate Strategy
		Operational Eco-Efficiency
		Resource Conservation and Resource Efficiency

Table 2.52 : Restaurant and Leisure Facilities (REX) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy / Management System
Customer Relationship Management	Local Impact of Business Operations	Operational Eco-Efficiency
Food Safety	Stakeholder Engagement	
Brand Management	Healthy Living	

Table 2.53: Retailing (RTS) Assessment Criteria ("DJSI," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy / Management System

(Continued)

Table 2.53 (Continued): Retailing (RTS) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Brand Management		Packaging
Innovation Management		Building Materials
Customer Relationship Management		Operational Eco-Efficiency
Strategy for Emerging Markets		

Table 2.54 : Semiconductors and Semiconductor Equipment (SEM) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy / Management System
Antitrust Policy		Climate Strategy
Innovation Management		Product Stewardship
Customer Relationship Management		Operational Eco-Efficiency
Product Quality and Recall Management		Water Related Risks

Table 2.55 : Software (SOF) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Digital Inclusion	Environmental Policy / Management System
Antitrust Policy		Climate Strategy
Customer Relationship Management		Operational Eco-Efficiency
Innovation Management		
Brand Management		
IT Security		
Privacy Protection		

Table 2.56: Steel (STL) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Enabling Local Development	Environmental Policy / Management System
Transparency	Stakeholder Engagement	Climate Strategy
Customer Relationship Management	Occupational Health and Safety	Operational Eco-Efficiency
	Social Impacts on Community	Water Related Risks

Table 2.57 : Trading Companies and Distributors (TCD) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Strategy for Emerging Markets	Occupational Health and Safety	Environmental Policy / Management System
Customer Relationship Management		Operational Eco-Efficiency
Supply Chain Management		

Table 2.58 : Textiles, Apparels and Luxury Goods (TEX) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy / Management System
Innovation Management	Stakeholder Engagement	Product Stewardship
Brand Management		Operational Eco-Efficiency

Table 2.59 : Computers and Peripherals and Office Electronics (THQ) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Stakeholder Engagement	Environmental Policy / Management System
Innovation Management	Digital Inclusion	Product Stewardship

(Continued)

Table 2.59 (Continued) : Computers and Peripherals and Office Electronics (THQ)

Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Brand Management		Climate Strategy
Privacy and Protection		Hazardous Substance
Customer and Relationship Management		Operational Eco-Efficiency

Table 2.60 : Telecommunication Services (TLS) Assessment Criteria("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy / Management System
Innovation Management	Stakeholder Engagement	Climate Strategy
Brand Management	Digital Inclusion	Electro Magnetic Fields
Customer and Relationship Management	Impact of Telecommunication Services	Operational Eco-Efficiency
Privacy and Protection		

Table 2.61 : Tobacco (TOB) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy / Management System
Customer and Relationship Management	Responsible Marketing Policies	Operational Eco-Efficiency
Antitrust Policy		Raw Material Sourcing
Brand Management		
Combating Smuggling		

Table 2.62 : Transportation and Transportation Infrastructure (TRA) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy / Management System
Customer and Relationship Management	Responsible Marketing Policies	Operational Eco-Efficiency
		Climate Strategy
		Fuel Efficiency

Table 2.63 : Hotels, Resorts and Cruise Lines (TRT) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Occupational Health and Safety	Environmental Policy / Management System
Customer and Relationship Management	Stakeholder Engagement	Operational Eco-Efficiency
		Climate Strategy

Table 2.64 : IT Services and Internet Software and Services (TSV) Assessment Criteria ("Dow Jones Sustainability World Index Guide," 2013)

Economic Dimension	Social Dimension	Environmental Dimension
Supply Chain Management	Digital Inclusion	Environmental Policy / Management System
Customer and Relationship Management		Operational Eco-Efficiency
Privacy Protection		Climate Strategy
IT Security		
Innovation Management		
Brand Management		
Antitrust Policy		

DJSI Assessment Criteria and GRI Guidelines are both divided into the triple bottom line—economic, environment and social—the factors are the same, however,



DJSI has a more detailed and diversified indicators per industry. Thus, this research will use the triple bottom line indicators—economic, environment and social; social will also be divided into four sub-categories namely, labor practices and decent work, human rights, society and product responsibility.

The criteria and/or guidelines set by DJSI and GRI are all based on the factors of the Millennium Development Goals which were derived from governments and international agencies' official statistics and surveys (World Development Indicators, The World Bank 2002). World Development Report 2003 asserts that to embattle extreme poverty in developing countries by providing productivity and income entails sustained economic development. However, sustainability will only be achieved if empowerment of the society and environmental protection would also be taken into consideration.

In 2010, McKinsey and Company found out that sustainability development is considered to be extremely indispensable by more than 50 percent of organizations. Hence, sustainability efforts would only be effectively executed if environmental and social factors would be integrated to economic long-term plans of a company (Mackenzie, 2007; Perrinin and Tencati, 2006).

Each of the triple bottom line factors on sustainability development for both GRI and DJSI will be reviewed and justified its role and importance.

### Economic Factor

Economic factor for sustainability is about the effects of the stakeholders' economic conditions and with regard to local, national and international economic systems. The economic factor concerns about the overall economic impacts of

companies to the society, and the capital flow among various stakeholders (G4 Sustainability Reporting Guidelines).

The economic performance is important to know a company and its sustainability efforts and its participation with the global economic system. This factor would be divided into these key indicators, economic performance, market presence, procurement practices and indirect economic impacts.

### Environmental Factor

Environment is a very crucial indicator in battling the degradation of the environment which is at its “historic worst” (Brown, et al, 1993). The preservation of the environment is the main construct of sustainability (Shrivastava and Hart, 1992). This concept has attained much recognition with the Brundtland Report (1987) and has become the primary factor of sustainability development due to the persistent call of the society and stakeholders for the governments, international organizations and corporations to take action on the current state of the environment and the impending consequences of nonconformity (Lippman, 2010; Epstein, 2008; Ambec and Lanoie, 2008).

World Bank Annual Report (2013) pinpoint that a sustainable path to development and poverty would be one that manages the natural resources of the planet for future generations. World Bank has published a report in 2012, Turn Down the Heat: Why a 4 degrees Celsius Warmer World Must Be Avoided, explains the dangers of climate change, especially to developing countries and suggests cooperative international actions to mitigate its impact and help countries adapt to it. The follow-up study, subtitled “Climate Extremes, Regional Impacts, and the Case for

Resilience,” reports the likely impacts of present-day 2 degrees Celsius, and 4 degrees Celsius warming on agricultural production, water resources, coastal ecosystems, and cities across three developing regions. It shows how rising global temperatures are increasingly threatening the health and livelihoods of the most vulnerable populations, crucially magnifying problems each region is struggling with today.

According to Kahn, the world’s physical and natural environment and people’s living standards will be decided through the international policies and implementation on sustainability. Hence, DJSI and GRI along with other international organizations and policy makers adhere to the United Nation’s Millennium Development Goal #7 which is to establish environmental sustainability (Esty, et al., 2008). In addition, the UN Global Compact’s Principles seven to nine are companies responsibility to set up preventive measures to environmental degradation, initiate advocacy on environmental responsibility, and develop and endorse environmental-friendly technologies.

GRI Sustainability Guidelines (2013) state that the environmental indicator deals with a company’s influence on natural resources, which includes water, land air and ecosystems. The indicators under the environmental factors are associated to outputs (waste, emissions, effluents), inputs (water, material, energy), environmental compliance and expenditures, impacts of product and services, and biodiversity.

The importance of environmental sustainability is greatly manifested through the enormous amount of money spent by foundations, governments and corporations on pollution and issues related on natural resources depletion and degradation (Esty, et al., 2008). One of the many corporations who have been incorporating triple bottom line factors in their company’s core values, vision and mission is a Fortune

500 organization and was included in DJSI, Johnson Controls, a leading supplier for automotive interior systems, building efficiency systems and power solutions. The company builds a healthy work force and support local communities for their social sustainability efforts; while efficient energy consumption, waste management, recycling are done for the environment; risk management and strategic investments are embedded in the company's business model for economic measures (Alhadi, H., 2013).

Marcus and Fremeth (2009) proposed that environmental factor for sustainability development are the effects of business practices on natural resources and biodiversity. Therefore businesses should inculcate environmental factors in their sustainable development efforts to achieve stability and success (Stavros and Sorabgel, 2008). Byrch, Kearin, Milne, and Morgan (2009) put forth that sustainable development comprise of five perspectives on humans' role and responsibility on the environment. From an ecologist perspective, humans are species existing and depending on the environment; while the socialist perspective consider humans as creatures depending on their natural habitat; the realists on the other hand see humans as reliant on the environment and therefore responsible for its maintenance; likewise, the futurists believe that humans rely on the environment, ergo should ensure human race survival; lastly, the individualists argue that the environment provides resources for humans to enjoy quality life and should therefore maintain it.

### Social Factor

The social factor of sustainability development covers the business practices and management on the social group where it operates (G4 Sustainability Reporting

Guidelines, 2013). The World Bank Annual Report 2013 has argued that sustainable development means that people should not only receive from economic welfare but also empowerment of all groups especially the marginalized and poor. World Development Report 2005 identifies three aspects in improving policy performance: (1) fostering a skilled workforce; (2) crafting market intervention to benefit all workers; and (3) crafting market interventions to benefit all workers. World Development Report 2005 has also elaborated that a skilled workforce is essential for firms to adopt new and more productive technologies and the importance of training and education to people. Many companies in the developing countries has pointed out that the inadequate skills of workers as an impediment to their companies' operations. Secondly, more countries are reviewing labor market policies to encourage wage adaptability to guarantee companies sound regulations, reasonable balance between workers' preference for employment stability and companies' need to adjust the workforce. Lastly, social sustainability in the company would also mean helping the employees cope with labor mobility. Inadequate mechanisms to help workers cope with change restrict companies and the adaptability of employees (World Development Report, 2005).

DJSI and GRI sustainability social factors are divided into primary indicators about human rights, labor practices, society and product responsibility.

### Human Rights

In recent years, top management and decision makers for multinational companies are invoked optimal utilization of their business practices, resources and management (Jimena, 2008) towards sustainability by contributing on social and

environmental aspects (Haugh & Talwar, 2010). The first two principles of UN Global Compact is on businesses' adherence to the international human rights law and must refrain from human rights abuses (Global Corporate Sustainability Report, 2013).

Human rights law pertaining to conventions, declarations and treaties constitutes in the international legal framework. The International Bill of Rights is the foundation of human rights which is built by the Universal Declaration of Human Right (1948); the International Convention on Civil and Political Rights (1966); and the International Covenant on Economic, Social and Cultural Rights (1966).

According to GRI's G4 Sustainability Reporting Guidelines (2013), companies should indicate relevant human rights policies with regard to the international standards and declarations gearing towards sustainability development.

UN Global Compact human rights policies within which DJSI and GRI have solely based the indicators include child labor, gender equality, non-discrimination, freedom of association, rights to privacy, forced and compulsory labor, workplace health and safety, indigenous rights, security practices and collective bargaining (G4 Sustainability Reporting Guidelines, 2013; "Dow Jones Sustainability World Index Guide," 2013; Global Corporate Sustainability Report, 2013).

### Labor Practices

The indicators related to labor practices are derived from internationally recognized universal standards: UN Universal Declaration of Human Rights; UN Convention: International Covenant on Economic, Social and Cultural Rights; Convention on the Elimination of all Forms of Discrimination against Women

(CEDAW); ILO Declaration on Fundamental Principles and Rights at Work (the eight core Conventions of the ILO consisting of Conventions 100, 111, 87, 98, 138, 182, 29, 105); and the Vienna Declaration and Programme of Action (G4 Sustainability Reporting Guidelines, 2013). All these international declarations, policies and conventions mentioned fortified the validity and relevance of inculcating labor practices in companies' sustainability efforts to address social issues.

The principles three to six of UN Global Compact is about the companies responsibility to endorse freedom of association and collective bargaining, abolition and avoidance of child labor, discrimination on employment and occupation, and forced and compulsory labor (Global Corporate Sustainability Report, 2013).

The indicators under Labor Practices which originate from the Organization Economic Cooperation and Declaration (OECD) Guidelines for Multinational Enterprises and ILO Tripartite Declaration Concerning Multinational Enterprise and Social Policy—training and education, employment, equal remuneration for men and women, labor/management relations, diversity and equal opportunity and occupational health and safety.

### Society

The indicators on society emphasis on the companies' operational and management direct effects on the local communities around them. Societal indicators are crucial in determining the risks related to corruption and bribery due to influence in monopoly practices and public policy-making (G4 Sustainability Reporting Guidelines, 2013).

Jobs provide a key path out of poverty. Although cash transfers can help, empirical analysis shows that labor earnings are the most important contributor to poverty reduction (World Bank Annual Report, 2013). As noted in the World Development Report 2013: “Jobs, employment is the key determinant of living standards around the world and contribute to economy-wide increase in productivity and social cohesion.” The private sector is the key engine of job creation, accounting for 90 percent of all jobs in the developing world (World Bank Annual Report, 2013).

Companies must adhere to the international policies, laws and declarations on the individual rights of the people in the community executed and implemented by international bodies such as: International Covenant on Civil and Political Rights; Universal Declaration of Human Rights, Declaration on the Right to Development and International Covenant on Economic, Social and Cultural Rights (G4 Sustainability Reporting Guidelines, 2013).

The UN Declaration on Indigenous Rights and ILO Conventions 107 and 169 state the tribal and indigenous people rights are both collective and individual. This means that companies must take into consideration the local communities rights to be consulted and consented in terms of any business operations that would directly affect them. The indicators under society factor are as follows, corruption, local communities, compliance, public policy and anti-competitive behavior (G4 Sustainability Reporting Guidelines, 2013).

### Product Responsibility

The indicators on product responsibility corresponds with the companies' products and services that has a direct impact on the customers' health and safety,



marketing communications, compliance, product and service information and labeling, and customer privacy. Hence, the companies must be able to comply and adhere to the international law and standards that protect the customers by securing international certifications and/or accreditations for product responsibility.

### NGOs

NGOs initiatives and philanthropic works globally have placed them to be major key players in the global arena “from political, social works, economic to business field” (Heap, 2000). The birth of NGO is due to the belief that the state, or the government, is failing in some aspect (Hutter & O'Mahony, 2004).

NGOs have been commended in the development sector since the late 1970s for their grassroots-driven organizations and by replenishing the shortcomings of states, or governments, across the developing world in responding and resolving the needs of their poverty-stricken communities (Banks & Hulme, 2012). During this same period from the late 1970s and 1980s, the donors shifted their favor and support to NGOs' applaudable humanitarian works over the ineffective government development programs (Barr, Fafchamps, & Owens, 2005). Moreover NGOs are increasingly perceived as reliable actors in addressing the social problems that governments either incompetently or reluctantly deal with (Duffield, 2001).

Accordingly the substantial function of NGOs in delivering and implementing developmental services directly to grassroots level in developing countries, has resulted into more and more foreign investors channelling aid funding from the governments to the NGOs; while the state themselves rarely use standing bureaucracies on developmental activities but instead frequently subcontract them to

NGOs (Burger, Dasgupta, & Owen, 2011). Thus, the focal point of the definitions and justifications for the emergence of NGOs is their innovative and effective strategy on tackling poverty and alleviating the flawed governmental provision of services (Lewis & Kanji, 2009).

NGOs have increasingly grown over the past decades, Riddell and Robinson (Riddell, Robinson, Coninck, Muir, & White, 1995) estimate that the total official development assistance (ODA) to NGOs had risen from US\$.9 billion in 1970 to US\$6.3 billion in 1993 (1970 dollars). Epstein and Gang (Epstein & Gang, 2006) disclose the 34 percent increase (from US\$928 million to US\$1246 million) between 1991-1992 and 2002 of ODA to NGOs for all Development Assistance Countries. This rapid and extensive growth of NGOs in just a span of ten years, with a rise of ODA from 1.59 to 2.14 percent (Epstein & Gang, 2006) and a 19.3 percent addition to international NGOs (Banks & Hulme, 2012), urge governments to levy forms of state regulation and accreditation (Burger et al., 2011). As a result the 'regovernmentalisation' of ODA (Lewis & Kanji, 2009) or the good governance agenda that encompassed democracy, human rights and public participation (Murray & Overton, 2011), a successful attempt to re-direct the development funding back to governments from NGOs, with an estimate of just 10 to 20 percent of total ODA went to NGOs over that decade (Lewis, 2005).

On the contrary the turn of the 21st century paved way to the new international aid regime which is more NGO-oriented focusing on non-growth factors such as nation-state responsibility and poverty, and more consultation between donors and recipients (Murray & Overton, 2011). Currently NGOs are still considered as just one sector of civil society due to their restrictions in advocacy and empowerment and

unresolved issues of NGOs (Banks & Hulme, 2012). Although NGOs are known for their humanitarian and ethical outreach programs (DeMars, 2005), a number of scholars still assert the issues and contradictions associated with NGOs (Cooley & Ron, 2002).

#### NGO-Business Strategic Partnership Phenomenon

Currently, 8,000 companies in 140 countries have collaborated and aligned their company goals, vision and mission with UN Global Compact's principle-based management and operations approach. These companies come from various sectors and industries and size of company from both developed and developing countries. These companies have committed to integrate triple bottom line factors in their sustainability initiatives and to publicly report them annually (Global Corporate Sustainability Report, 2013). However, these some 8,000 companies practicing sustainability development are just a meager population compared to the estimated 70,000 multinational companies and millions smaller businesses around the globe. Hence, thousands and millions of other companies are still managing and operating their businesses without a clear-cut commitment on the triple bottom line (Global Corporate Sustainability Report, 2013).

Similarly, GRI and DJSI are very similar for these international sustainability organizations both adhere to the principles and triple-bottom line concept set by the UN Global Compact. The decision-makers and top-level management acknowledged the need to tackle and resolve the global economic, environmental and social issues; and the pertinent consequences and risks if these global issues were to be ignored. While, subscribing to sustainability development would build trust and market-value,

good environmental impacts, good governance, social responsibility, and foster innovation and growth.

Cross-sector alliances are due to several trends affecting the financial environment of both nonprofit and for-profit organizations (Austin, 2000). These trends include increased accountability for both nonprofit and for-profit organizations, a change in governmental policies regarding contract selection, a surge in the number of nonprofit organizations, and a decrease in the amount of funding available for nonprofit organizations.

The current economical environment creates a growing opportunity for nonprofit organizations and for-profit organizations to work together to further both of their respective missions (Austin, 2000). Cross-sector collaborations more effectively use the knowledge and capabilities of both nonprofit and for-profit organizations through the creation of new opportunities that achieve greater corporate profitability and that assist nonprofit organizations in their ability to better meet the needs of their target audience (Rondinelli & London, 2003).

Global environmental Management Initiative (GEMI) and Environmental Defense Fund (2008) enumerated the benefits and advantages of strategic partnership between companies and NGOs, they are as follow: (1) it can foster quantifiable business and environmental benefits such as lower costs, minimize instability, market expansion and development and better brand value as well as lower environmental impacts in the company's operations, supply chain or production line; (2) it can give companies competitive advantage through the environmental and technological innovations that would arise from the projects and programs; (3) it can help address problems that companies don't have skills, resources and expertise to carry out on its

own; companies partnering with NGOs would also bring external perspectives and acquire more sound sustainability programs; while for the NGOs, this kind of collaboration would be an opportunity to test the effectiveness of their approach; (4) a strategic partnership between well-reputed NGOs and successful companies would boost the public image and integrity of both organizations; (5) association with an NGO would yield “third party” verification on a company’s assertion of sustainability benefits from a program and/or project; (6) lastly, strategic partnership projects intended to tackle long-term issues would help motivate both organizations to realize their long-term goals.

#### Overview of Corporate-NGO partnership in Bangkok

Corporate-NGO Partnerships in Bangkok are becoming more and more popular due to the sustainability reporting that companies need to submit each year using Global Reporting Initiative (GRI) to determine the initiatives that companies put in managing their triple bottom lines. Microsoft has partnered with different local NGOs in Bangkok to initiate their Unlimited Potential-Community Technology Skills Program (UP-CTSP). Microsoft has considered the expertise of local NGOs to target local communities in spreading the UP-CTS Program, hence collaborate with different NGOs to plans and donated cash grants, software and Unlimited Potential curriculum (the foundation for teaching basic to intermediate technology skills). Microsoft believes that by providing training and tools, they can partner to create social and economic opportunities that can transform communities and help people realize their potential. Microsoft’s community investment efforts are focused on increasing digital inclusion and bringing the benefits of technology and technology

skills to a billion more people by 2015. (1) Microsoft partnered with Population & Community Development Association (PDA) to establish 5 Unlimited Potential-Community Technology Skills Program (UP-CTSCs) in 3 rural provinces. Through this program, PDA aims to enhance villagers' skills and knowledge related to information technology to increase their educational and occupational opportunities. (2) Microsoft partnered with The Mirror Foundation establish UP-CTSCs in high risk human trafficking areas to provide IT skills learning to empower victims and potential vulnerable groups with employment-orientated IT skills, life skills training, and job placements. (3) Microsoft partnered with Kenan Insitute Asia and Thailand's Bureau of Community College Administration to empower those on the wrong side of the digital divide by providing access to computers and ICT training through 4 CTSCs in rural areas. (4) Microsoft has teamed with the Duang Prateep Foundation to establish 5 CTSCs to create a long-term, self-sustaining ICT skills program to create jobs and strengthen the community of Bangkok's slum districts (Thai-American Business, Volume 6/2007).

### Managers' Role in a Company's Decision Making

Corporate Mangers: Corporate governance begins with the board of directors, whose members are responsible for overseeing managerial activities and approving (or disapproving ) managerial decisions and actions (Ireland, Hoskisson, & Hitt, 2006). Most strategic leaders form teams to help them complete their work because of the complexity of their roles. A top management team is the gout of managers charged with the responsibility to develop and implement the firm's strategies(Ireland, Hoskisson, & Hitt, 2006).

Managers are the lynchpin in the strategy-making process. It is individual managers who must take responsibility for formulating strategies to attain a competitive advantage and putting those strategies into effect (Hill & Jones, 2008). The corporate level of management consists of the chief executive officer (CEO), other senior executives, the board of directors, and corporate staff. These individuals occupy the apex of decision making within the organization. The role of corporate-level management is to oversee, in consultation with other senior executives, the development of strategies for the whole organization. This role includes defining the goals of the organization, determining what businesses it should be in, allocating resources among the different businesses, formulating and implementing strategies that span individual businesses and providing leadership for the entire organization (Hill & Jones, 2008). It is their responsibility to ensure that the corporate and business strategies that the company pursues are consistent with maximizing profitability and profit growth.

**Functional Managers:** Functional managers responsible for specific business functions or operations (human resources, purchasing, product development, customer service, etc.) that constitute a company or one of its divisions. Although they are not responsible for the overall performance of the organization, functional managers nevertheless have a major strategic role: to develop functional strategies in their area that help fulfill strategic objectives set by business- and corporate-level general managers. Functional managers provide most of the information that makes it possible for business- and corporate-level general managers to formulate realistic and attainable strategies. Functional managers may generate important ideas that can become major strategies for the company (Hill & Jones, 2008).

**Business Managers:** If a company provides several different kinds of product or service, it often duplicates these functions and creates a series of self-contained divisions (each of which contains its own set of functions) to manage each different product or service. Each business unit has a self-contained division (with its own functions, such as finance, purchasing, production and marketing departments) that provides a product or service for a particular market. The business managers or division managers are strategic role is to translate to general statements of direction and intent that come from the corporate level into concrete strategies for individual businesses (Hill & Jones, 2008).

### Strategic Decision Making

Even the best-designed strategic planning systems will fail to produce the desired results if managers do not use the information at their disposal effectively. Consequently, it is important that strategic managers learn to make better use of the information they have and understand the reason why they sometimes make poor decisions. One important way in which managers can make better use of their knowledge and information is to understand and manage their emotions during the course of decision making (Hill & Jones, 2008).

Managers constantly face tasks that require decision making. The goal of managerial decision making is to solve problems efficiently and effectively to enhance managerial and organizational success (Caruth & Humphreys, 2008). The decision-making process enables managers to plan for the future while evaluating current conditions (Akdere & Altman, 2009).



## Previous Studies

Previous Study: Corporate Awakening - Why (Some) Corporations Embrace Public-Private Partnerships (LaFrance & Lehmann, 2005)

This paper reviews the factors that propel corporations to engage in public-private partnerships (P3) from corporate behavior, stakeholder and legitimacy theories. These theories and practical viewpoint are applied to interpret the corporate drivers that prompt TOTAL S.A. to partner with UNESCO for cooperation on community development programs in Myanmar. This research begins by establishing the background of P3 within sustainable development, then review thoroughly the three theories of corporate behavior, stakeholder and legitimacy. This study then discuss the TOTAL S.A. case in Myanmar by going over the legitimacy crisis the company has encountered, and suggested the importance and relevance of partnership with trustworthy international organizations (IOs) or NGOs before resuming operations in politically controversial countries. This strategic move would help the companies gain good reputation, credible and transparent CSR activities, endorsement from well-respected organization. Lastly, this study concluded by giving the advantages and benefits of cross-sector collaboration, as follow: (1) both partners involvement on their respective set of stakeholders will enable to show the direction and focus of their activities and favorable impacts of their partnership on community development and business mobilization; (2) the partnership may alleviate the legitimacy crisis by setting up an outlet for communicating messages and legitimizing the information of partnership programs and activities; (3) the participation of reputable international organizations would help establish the companies' credibility

and presence in a particular country and stabilize stakeholder perception; (4) cross-sector collaboration would help comply to business regulations and policies, and steer clear of criticism and bad public relations from public watchdogs--media and other international NGOs. NGOs would still have the last decision on engaging in strategic partnership with companies, despite the fact that such collaboration would control legitimacy and respond to stakeholder needs through “sustained, long-term contribution to the betterment of the society.”

Previous Study: Creating Value through Strategic Partnerships between Businesses and NGOs (Boue and Kjaer, 2010)

This thesis is a descriptive case study on six partnerships between businesses and NGOs in Norway. The companies and NGOs are located in Norway but are all internationally represented and are from different industries and types. This study determines the dynamics behind the merging of companies and NGOs to plan and implement sustainable development programs and activities on social, economic and environmental aspects. The theories that were used are stakeholder theory, resource-based view and the resource dependency theory, and social network theory. The outcome of this research has led to identifying the “preconditions” that motivates top management to engage on strategic partnership with NGOs are: (1) to enhance their companies’ competencies and resources to be able to comply to the challenges and opportunities in their value chain; (2) to improve the companies’ market positioning and profitability by incorporating environmental sustainability in the business model with the support of a partner NGO, a credible and expert on the field; (3) to maintain good reputation and acquire legitimacy; (4) to change the company’s business

practices; (5) to influence regulators by partnering with NGOs who have the ability to set agendas and influence legislators and regulators; (6) to engage in open communication with stakeholders through NGOs representing public opinion and proxies for other stakeholder groups.

Previous Study: Corporate-NGO Partnerships for Sustainable Development  
(Damlamian, 2006)

This dissertation focused on Corporate-NGO partnerships that advocates sustainability development to multinational corporations from emerging markets that operates business internationally. This paper utilized case study of Starbucks with NGOs to analyze how this partnership foster sustainable coffee production and business operations. It examined the growing collaboration between private and public sector and outline the benefits of this partnerships to corporations: (1) boost the company's image and credibility, and respond to their different stakeholders.; (2) financial sustainability for embarking on new markets and long-term profits; (3) a business strategy to improve the company's CSR policy; and (4) abide by business policies and regulations.

Previous Study: How Do Partnerships Lead to a Competitive Advantage Applying the Resource Based View to Nascent Social Ventures (Meyskens, 2010)

This dissertation aimed to prove how nonprofit social venture partnerships can create competitive advantage to companies. It employed resource-based view (RBV) theory to empirically test the competitive advantage of cross-sector collaboration. The outcome of this research listed the business impacts of strategic partnership

between corporation and NGO, they are as follow: (1) acquisition of competencies and information regarding sustainable development; (2) firm legitimacy by partnering with a credible and trustworthy NGO; (3) expand market power and entry to new markets; (4) observe the international laws and regulations on business.

Previous Study: Cross-Sector Collaborations: A Phenomenological Study of the Nonprofit Sector's Experiences with Successful Cross-Sector Models (Edmond, 2010)

This dissertation highlighted the importance and experiences of cross-sector partnerships. This study based the theoretical framework on collaboration and leadership to set up a cross-sector model with an educational component. It analyzed the experiences of nonprofit staff and stakeholders of corporate-NGO partnerships to give insight to potential organizations opting for cross-sector collaboration. The study determined the benefits of strategic partnerships for corporations, as follows: (1) boost the company's reputation; (2) improve the relationship with stakeholders; (3) enrich employee's loyalty and retention; (4) expand networks, markets and relationships; and lastly, (5) to foster innovation and productivity by complying with business policies and regulations.

Previous Study: Measuring the Impacts of NGO partnerships: The Corporate and Societal Benefits of Community Involvement (Hansen and Spitzbeck, 2011)

This is a case study of a partnership between Merck Ltd., Thailand (a local subsidiary of a German multinational chemical and pharmaceutical company) with Raks Thai Foundation (a local division of CARE international organization). It

concentrated on finding out how to measure the corporate and community benefits from corporate community involvement (CCI) obtained from corporate-NGO partnerships. This study also determined the corporate benefits that serves as a motivation for merging with an NGO, they are as follow: (1) gain trust and reach out to stakeholders through corporate community involvement; (2) get support from expert in the evaluation of corporate community programs' outcome and impact to the society; (3) attain competitive advantage by positioning the company as both ethical and innovative; (4) comply with the international business laws, regulations and policies by addressing social and environmental problems efficiently and effectively; lastly, (5) imbibe CSR as a fundamental business branding strategy.

Previous study: The Role of Civil Society Organisations in Regulating Business (Hutter & O'Mahony, 2004)

This paper explained the civil society organization's role and prospective participation in regulating business. The term civil society was defined as the organizations within the civil society which includes "NGOs, foundations, charities, trusts, advocacy groups, and national and international non-state associations." This research also mentioned the importance of partnership of civil organizations to corporations: (1) provide local knowledge and gain legitimacy by contributing to local economies; (2) gain trust from different stakeholders and improve the company's public image; (3) acquire future customer loyalty and boost employee's morale and commitment.; (4) position the company as 'corporate citizens'; (5) comply with the international standards and regulations on sustainable business practices.

Previous Study: Starbucks with Corporate Social Responsibility - “How Starbucks succeeds in a business world with CSR” (Harnrunghalotorn and Phayonlerd, 2010)

This thesis determined the factors that motivate Starbucks to participate in CSR. It analyzed Starbucks’ integration of CSR in its business strategies and operations. This study utilized the Triple Bottom Line theory to indicate the benefits that Starbucks get from practicing CSR and partnering with NGOs to reach out and contribute to the society, environment and economy (triple bottom line). The primary drivers that motivate Starbucks to practice CSR and collaborate with NGOs are: (1) improve quality of products and services through innovation and ethical investment strategies; (2) gain competitive advantage and compete with other companies incorporating sustainability development in their business strategy; (3) attain legitimacy and trust from different stakeholders; (4) comply to legal regulations and public policy.

Previous Study: Value-based Service for Sustainable Business (Edvardsson and Enquist, 2009).

This paper conducted a comparative, inductive empirical study about the position of values on IKEA, Starbucks, H&M and Body Shop. The researchers designed and based a new framework for values-based service to form a sustainable business from Service-dominant Logic (SDL) business model. The findings of this research were able to identify five principles for a sustainable values-based service business: (1) strong company values drive customer value; (2) CSR as a strategy for sustainable service business; (3) values-based service experience for co-creating

value; (4) values-base service brand and communication for values resonance; (5) values-based service leadership for living the values.

### Related Theories

Based on the related literature and previous studies, the research findings of previous researches, theses and dissertations on strategic partnership between corporations and NGOs revealed several common factors that motivate corporations to consider and merge with NGOs in planning, developing and implementing CSR projects and sustainable business strategies and operations. The factors that motivate corporations to form strategic partnerships with NGO based from previous researches are: gain good reputation, improve relationship and balanced stakeholder perception and engagement.

1. Establish the company's credibility and presence in a particular place or country through transparent CSR activities.
2. Empower employees' morale, commitment, loyalty and retention.
3. Support from experts in planning, implementation and evaluation of outcomes and impacts to society and business; acquisition of competencies and information regarding sustainable development.
4. Help in boosting company's legitimacy through strategic partnership programs and activities; and endorsement from well-respected organization (NGO).
5. Driver of change and positive impacts on community development and business mobilization.

6. Negate criticism and bad PR from public watchdogs, i.e., media and other iNGOs.
7. Influence regulators by complying with international business laws, policies and regulations.
8. Increase financial sustainability by expanding market power to new markets and networks and aiming for long-term profits.
9. Create competitive advantage by positioning the company as ethical, "corporate citizens" and innovative.

The ten factors that were eminent in the related literature and previous studies are then match with the GRI and DJSI Guidelines for sustainability development. A preliminary informal survey was conducted to managers and CEOs to different industries in Bangkok to select the factors that would motivate managers to cooperate with NGOs. These factors cover all the three categories for sustainability which are social, environment and economic. This will then lead to the formulation of the theoretical framework and will be used to formulate questionnaires and survey form.

### Triple Bottom Line Theory

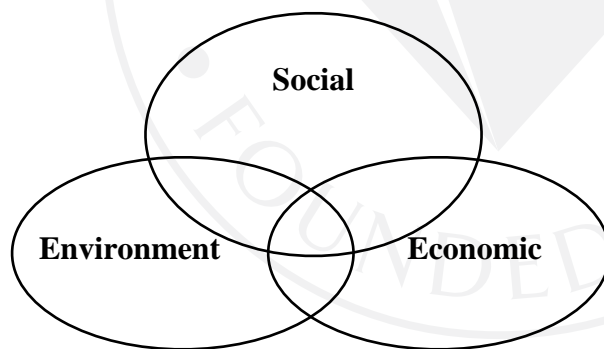
Triple bottom line (TBL) concept first came to light from a book entitle, "Cannibals with Forks: The Triple Bottom Line of 21st Century Business" by John Elkington in 1997. It explains the proliferation of environmental agenda with the integration of both economic and social aspects (Elkington, 1997). Thus, companies which apply and practice triple bottom line approach indicates that top



managers or the decision-makers assess their decisions on account of social, environmental, and financial responsibilities.

According to Middlebrooks, Miltenberger, Tweedy, Newman & Follman (2009), “the triple-bottom line of fiscal, social and environmental success considerably alters how organizations (and stakeholders) measure sustainable success.” TBL framework is used for measurement of business performance and success through sustainability facets of economic, social and environmental (Goel, 2010). Triple bottom line approach is developed for corporations’ to incorporate a balanced and consistent economic, social and environmental construct in their businesses’ corporate structure.

Figure 2.1 : Triple Bottom Line Framework



Source: Indstate. (2010)

**Economic:** The economic aspect of triple bottom line framework is pertinent to the competency of the economy to be a subsystem of sustainability to have long-term progress for future generations (Spangenberg, 2005). This aspect refers to the effect in the economic system of the corporation’s business strategies and operations (Elkington, 1997). Whence, it distinctly illustrates the corporation’s commitment to

empowering its stakeholders by providing economic value to be able to sustain future generations (Alhaddi, 2013).

**Social:** The social aspect of triple bottom line framework signifies the corporate's practices which are favorable and equitable "to the labor, human capital, and to the community (Elkington, 1997). It deals with the company's involvement with the community, legitimate stipend and employee relations (Goel, 2010).

**Environment:** The environmental aspect of triple bottom line framework refers to the company's systematic usage of "energy resources, reducing greenhouse gas emissions, and minimizing the ecological footprint, etc." (Goel, 2010).

### Hypotheses

**Purpose:** Give an insightful look into the motivations of corporate managers to initiate strategic partnership with NGO in Bangkok

H1 - Economic factors of Dow Jones Sustainability Index and Global Reporting Index directly influence strategic partnership of corporate with an NGO

H2 - Social factors of Dow Jones Sustainability Index and Global Reporting Index directly influence strategic partnership of corporate with an NGO

H3 - Environmental factors of Dow Jones Sustainability Index and Global Reporting Index directly influence strategic partnership of corporate with an NGO

### Theoretical Framework

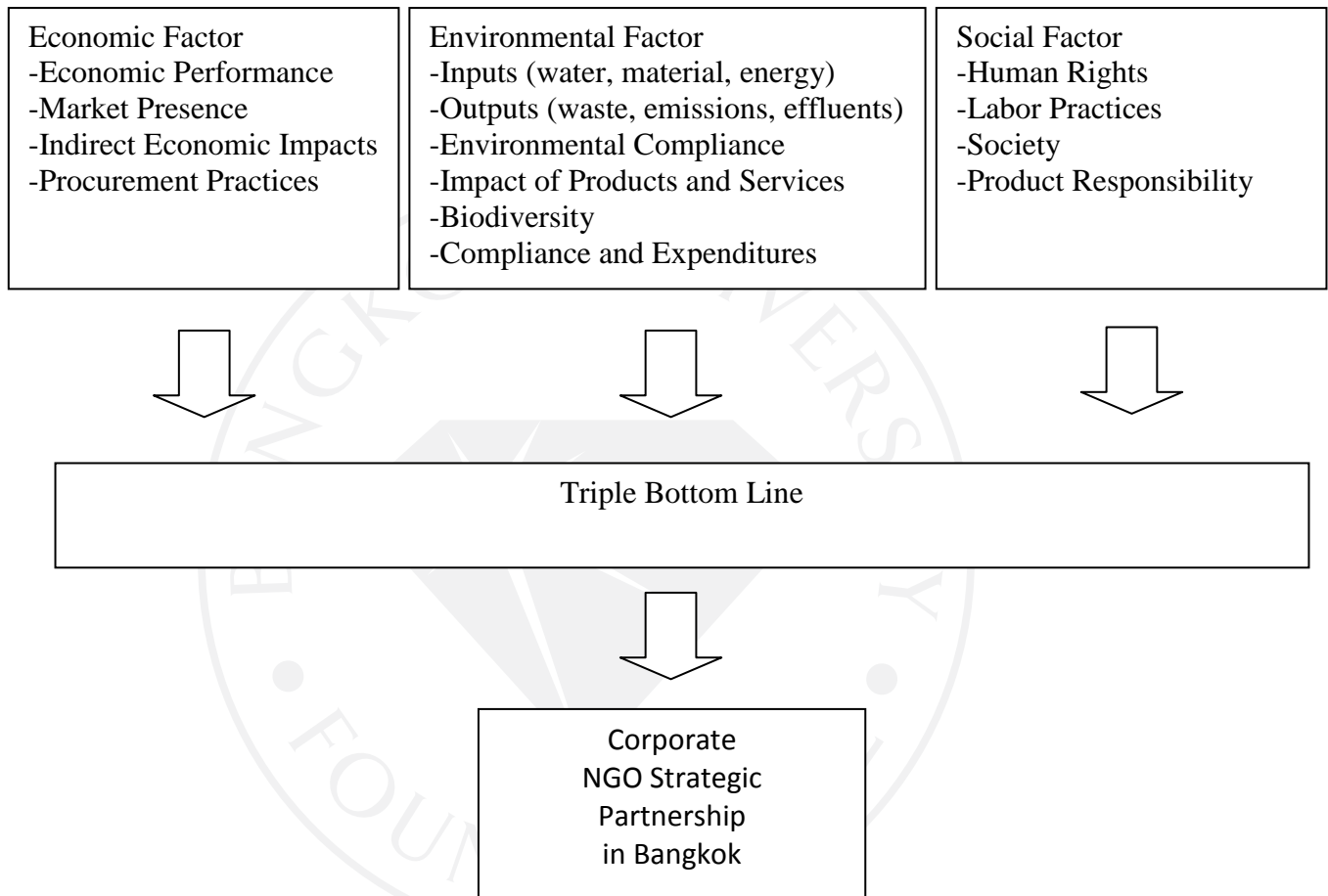


Figure 2.2 : Theoretical Framework with Triple Bottom Line

A preliminary survey was conducted to 30 corporate managers from December 2013 to February 2014 regarding the factors that would motivate decision makers in companies to partner with NGO. They were asked to select the most important and relevant factors from DJSI and GRI that would motivate them to collaborate with NGO for their corporate sustainability development. The result of this preliminary survey was collated and compared to the ten factors that were of

high-relevance in previous studies regarding managers' perspective on the cross-sector collaboration for sustainability development.

Hence, after thorough investigation and understanding of DJSI criteria and GRI guidelines, the following factors would be used to collect the quantitative data of this research and would be further validated in the qualitative phase of the study. These factors are arranged according to the triple bottom line category: economic, social and environment; under each of these categories are sub-categories that cluster related factors.

This research would test the following DJSI and GRI sustainability criteria to find out which of these factors would motivate Corporate-NGO strategic partnerships in Bangkok.

Factors that would be included in the survey questionnaire that Motivate Corporate-NGO Strategic Partnership in Bangkok

Category - Economic

1. Corporate Governance
2. Risk and Crisis Management
3. Codes of Conduct/Compliance/Anti-corruption and Bravery
4. Antitrust Policy
5. Brand Management
6. Customer Relationship Management
7. Supply Chain Management
8. Transparency

9. Innovation Management
10. Anti-Crime Policy/Measures
11. Marketing Practices
12. Strategy for Emerging Markets
13. Price Risk Management
14. Privacy and Protection
15. Market Opportunities
16. Financial Stability and Systemic Risk
17. Economic Performance
18. Market Presence
19. Indirect Economic Impacts
20. Procurement Practices

Category - Social

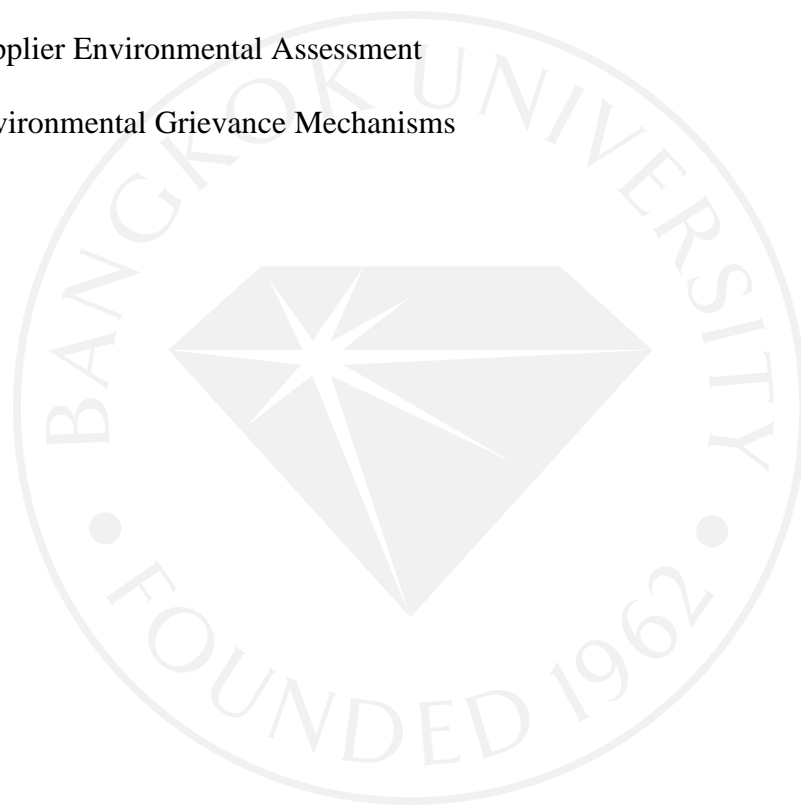
1. Human Capital Development/Training and Education
2. Talent Attraction and Retention
3. Labor Practice Indicators/Labor Practices Grievance Mechanisms
4. Corporate Citizenship/Philanthropy
5. Social Reporting
6. Stakeholder Engagement
7. Enabling Local Development
8. Occupational Health and Safety
9. Social Impacts on Communities/Supplier Assessment for Impacts on Society
10. Responsible Marketing Policies

11. Local Impact of Business Operations
12. Social Integration
13. Customer Health and Safety
14. Supplier Human Rights Assessment
15. Non-discrimination
16. Security Practices
17. Diversity and Equal Opportunity
18. Remuneration for Women and Men
19. Public Policy
20. Forced or Compulsory Labor

Category - Environment

1. Environmental Reporting
2. Environmental Policy/Management System
3. Operational Eco-efficiency
4. Climate Strategy
5. Water Related Risks
6. Product Stewardship/Products and Services
7. International Production Standards
8. Biodiversity
9. Recycling Strategy
10. Business Risk and Opportunities
11. Raw Material Sourcing
12. Releases to the Environment/Emissions

13. Hazardous Substance/Effluents and Waste
14. Transmission and Distribution
15. Resource Conservation and Resource Efficiency
16. Low Carbon Strategy
17. Compliance
18. Transport
19. Supplier Environmental Assessment
20. Environmental Grievance Mechanisms



## CHAPTER 3

### RESEARCH METHODOLOGY

#### Review of Research Methodology

This chapter gives a thorough explanation of the research design, population and sample selection, research instruments, instrument pretest, data collection procedure and summary of demographic data used in this research.

This thesis obtains perception of corporate managers to form a strategic partnership with NGO to contribute to sustainable development activities. The purpose of this research is to characterize the factors that initiated and motivated private and civil sector to merge and form strategic partnerships. Essential requirements, reports and assessments--Dow Jones Sustainability Index with GRI Guidelines -- for business standards on their operations and management their companies on sustainable development and is used to gauge forming strategic cross-sector partnership is reviewed and discussed thoroughly in the thesis.

The research methodology that will be utilized and conducted in this study is a Mixed Methodology. This research methodology is a combination of both qualitative and quantitative study. The researcher will conduct qualitative in-depth interviews to corporate managers of four Thai listed firms in the DJSI as of October 2013 (SET, 2013). These interviews will be used to address the research questions and formulate a comprehensive questionnaire to conduct a quantitative survey to corporate managers in Bangkok.

The main research question to be addressed in this thesis is:



1. What are the factors that motivate corporate managers to pursue partnership with NGOs?

### Research Design

This thesis will use a Mixed Methodology approach in determining the factors that would motivate and initiate corporate managers to merge with NGO and form a strategic partnership. A combination of both qualitative and quantitative study will be utilized, an in-depth interview questionnaire will be conducted to corporate managers of four Thai listed firms in the DJSI as of October 2013(SET, 2013). These interviews will be used to address the research questions and well-structured questionnaire to conduct a quantitative survey to corporate managers in Bangkok.

To further elaborate and explain research methodology used in this study, the profound definition of Mixed Methodology by Creswell (2009) is quoted below:

Mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process. As a method, it focuses on collecting, analyzing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone (p.5).

The validity of the research is strengthened upon the combination of quantitative and qualitative designs because the data can be triangulated from multiple sources and methods (Greene, Caracelli, & Graham, 1989; Tashakkori & Teddlie,

2010). Mixed Methodology research present an in-depth comprehension to both the researcher and the audience that a mere quantitative or qualitative design could provide (Creswell, 2009). Thus, the utilization of multiple methods aids to counterbalance the flaw of any single method (Tashakkori & Teddlie, 2010).

### Population and Sample Selection

This study employs Mixed Methodology, a non-probability purposive sampling method of information selection will be applied in selecting the population for qualitative methods, wherein a few people with expertise and direct participation (Bernard, 2002) in the DJSI and GRI Sustainability Reporting will be selected. The Stock Exchange of Thailand (SET) has stated that there were 35 Thai firms invited to be evaluate by the DJSI for sustainability indices for 2013. Four out of these 35 Thai firms were included in the DJSI 2013. Therefore, key informant techniques will be used to select the population (Bernard, 2002), in which a few key members of the corporate managers of the four Thai firms listed in the DJSI 2013 will be selected and approached to take part in the qualitative research.

### Sampling Techniques

As for the quantitative method, a probability simple random sampling will be utilized wherein each of the element in the population has given an impartial chance for selection (Babbie, 2007). Therefore the corporate managers in Bangkok will serve as the size of the population for the quantitative survey method to represent the characteristics and attitudes of the population. This in turn will aid in measuring the

corporate managers' attitude toward the factors that would motivate and initiate them to form a strategic partnership with NGOs.

### Sampling Size

The sampling size refers to the group of elements that would participate in the data selection during the research. It is essential to accurately pinpoint and assigned the sample size which in turn would be referred on making inferences of the population (McDaniel and Gates, 2007). According to Hair (2003), a researcher must intricately consider the preciseness of the available amount of time and money for data collection.

A big sample size would have a better and reliable results compared to small samples, however if a valid probability sampling is utilized then a population with a small sample size will also give a valid and reliable quantity of the entire population (Zikmund, 2000).

The summary survey of Thai population workforce as of February 2014 conducted by National Statics Office, there are 491,800 total number of managers and/or decision makers in Bangkok. ([service.nso.go.th/nso/nsopublish/themes/files/lfs57/reportFeb.pdf](http://service.nso.go.th/nso/nsopublish/themes/files/lfs57/reportFeb.pdf))

Yamane's Formula to Calculate sampling size is utilized in determining he sample size for the quantitative research method:

$$n = \frac{N}{1 + Ne^2}$$

Figure 3.1: Yamane's Equation

Where n = the sample size

N = the size of population

e = the error of 5 Percentage points

The Confidence interval will be set at + 0.05 to provide more confidence in result. Filling in all the variables in the sample size formula, the equation will become:

N= 491, 800 (population of managers in Bangkok, as of February 2014)

Sample size =  $491,800 / (1 + (491,800 * 0.052))$

=  $491,800 / (1 + (491,800 * 0.0025))$

=  $491,800 / (1 + 1,229.5)$

= 399.67

According to the Yamane's Formula, the result of sampling size calculations is 400 (rounded off).

Table 3.1 : Sample Size Table

Size of Manager Based in Bangkok	Sample Size Needed (95% Confidence level)	
	+/- 5%	+/- 10%
400	201	81
1000	286	91
2000	333	95
3000	353	97
5000	370	98
10000	385	99
20000	392	100

(Isaac and Michael, 1981; Smith, M.F., 1983)

### Research Instrument

Questionnaire design: The survey research method will be the basic research design.

Part A: the demographic data question

Part B: the attitude towards the factors that motivate corporate managers to partner with NGOs

Questionnaire reliability: After the questionnaire is developed, it will be distributed for a pretest. A tool of Cronbach's Alpha coefficient in SPSS System will be used to conduct a pretest survey aimed to check the questions relevance and appropriateness to the thesis objectives and research question. After the completion of the 356 questionnaires, a post-test will be conducted to verify the reliability.

### Instrument Pretest

Attitude Measurement: Likert scale will be used to formulate the questionnaire for DJSI and GRI Factors that drive corporate managers to partner with NGOs. Both closed and open ended questions will be used.

Coding: The coding structures of research questionnaire to measuring the motivations will be used:

1= Strongly Disagree

2= Disagree

3= Neither Agree nor Disagree

4= Agree

5= Strongly Agree

### Data Collection Procedure

This research will use multiple methods of collecting data, a combination of primary and secondary data. A pilot testing will be done to determine the organizational hierarchy in most companies and how decision making is made. The

primary data will be obtained from the in-depth interviews from the focus group or key corporate manager from the four Thai firms listed in the DJSI 2013. While the secondary data will be from the survey questionnaires that will be conducted to the corporate managers in Bangkok. Multiple sources of data is utilized in the triangulation to guarantee an absolute quality of the data collection (Eisenhardt, 1998; Ringdal, 2001). Hence, the interviews and survey conducted will be non-bias and reliable.

#### Summary of Demographic Data

A written report will be prepared for the examiner. The data in both quantitative and qualitative research will be presented. The research results will determine the corporate managers' motivation in merging a strategic partnership with NGOs.

Conclusion: This chapter is concerned with the review of the research methods used in this study. Both quantitative and qualitative research methods will be used. The SPSS

## CHAPTER 4

### FINDINGS

#### Quantitative Findings

##### Demographic Data

The summary survey of Thai population workforce as of February 2014 conducted by National Statistics Office, there are 491, 800 total number of managers and/or decision makers in Bangkok (National Statistics Office, Summary Survey of Thai Population Workforce 2014).

Table 4.1: Total number of valid survey responses

		Gender	Age	Job position	department	salary
N	Valid	400	400	400	400	400
	Missing	0	0	0	0	0

Upon using Yamane's equation with the confidence interval at  $\pm 0.05$ , the result of the sampling size calculation is 400 (rounded off). Four hundred fifty surveys were initially distributed to corporate managers around Bangkok to guarantee 400 valid surveys to be utilized in this research, 430 surveys were returned and 400 valid surveys were considered and utilized. The thirty additional surveys were returned that were not considered valid. The invalid surveys were either blank and/or incomplete with major parts of the survey left blank. Hence these invalid survey responses were not included in the encoding of the data which could affect the reliability of the research due to the incomplete data. With 400 valid surveys returned out of 450, the response rate was 88.89%.



Thus, the researcher has gathered 400 valid surveys from corporate managers/decision makers in Bangkok to determine their insights on partnering with NGO to support their corporate initiatives on sustainability development.

Table 4.2: Personal Data of 400 Survey Respondents

Personal Data of Survey Respondents					
Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	228	57.0	57.0	57.0
	Female	172	43.0	43.0	100.0
	Total	400	100.0	100.0	
Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 25 years old	1	.3	.3	.3
	26 - 30 years old	41	10.3	10.3	10.5
	31 - 35 years old	127	31.8	31.8	42.3
	36 - 40 years old	72	18.0	18.0	60.3
	41 - 45 years old	24	6.0	6.0	66.3
	More than 45 years old	135	33.8	33.8	100.0
	Total	400	100.0	100.0	
Job Position		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Supervisor	131	32.8	32.8	32.8
	Manager	115	28.8	28.8	61.5
	Senior Manager	46	11.5	11.5	73.0
	Assistant Director	37	9.3	9.3	82.3
	Director	71	17.8	17.8	100.0
	Total	400	100.0	100.0	
Department		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Marketing	80	20.0	20.0	20.0
	Sales	78	19.5	19.5	39.5
	corporate administration	45	11.3	11.3	50.8
	Operations	59	14.8	14.8	65.5
	system development	41	10.3	10.3	75.8

(Continued)

Table 4.2 (Continued): Personal Data of 400 Survey Respondents

Department		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	human resource	68	17.0	17.0	92.8
	finance and accounting	29	7.3	7.3	100.0
	Total	400	100.0	100.0	
Salary		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 40,000 baht	43	10.8	10.8	10.8
	40,001 - 60,000 baht	58	14.5	14.5	25.3
	60,001 - 80,000 baht	65	16.3	16.3	41.5
	80,001 - 100,000 baht	93	23.3	23.3	64.8
	more than 100,000 baht	141	35.3	35.3	100.0
	Total	400	100.0	100.0	

Table 4.2 represents the data collection from the sample group who are corporate decision makers, majority of the respondents were male (228) and female (172) who were randomly sampled to comprise the 400 corporate managers/decision makers in Bangkok.

The respondents' age ranges from 25 to 45 years and above. The majority of the respondents' age were more than 45 years old with a total of 135 out of 400. 127 of the respondents' age ranged from 31-35 years old, 72 of them age range from 36-40 years old, 41 respondents' age range from 31-35 years old, 24 of them were between 41 to 45 years old and only 1 respondent is in the age range of 20-25 years old.

This research aims to get the insights of corporate decision makers to collaborate with NGO for sustainability development. Hence, 400 decision makers were approached to give their motivations based on the DJSI and GRI framework to

partner with NGOs. 33% of the respondents were supervisors, 28% were managers, 18% were directors, 12% were senior managers and 9% were assistant directors.

Majority of the respondents work in marketing and sales department, 17% worked in human resource department, 15% from operations department, 11% from corporate administration department, 10% from system development department and 7% worked in finance and accounting department.

Majority of the respondents earn more than 100,000 baht monthly salary, 23% salary bracket is 80,0001 to 100,000 baht, 16% earns 60,001-80,000 baht, 15% earns 40,001-60,000 baht and 11% earns less than 40,000 baht.

#### Hypotheses Findings

According to methodology of this research by using mixed methodology to study the DJSI/GRI factors to determine the driving factors that would initiate corporate managers to form strategic partnership with NGO in Bangkok by setting the Hypotheses: Economic, Social and Environmental factors of Dow Jones Sustainability Index (DJSI) and Global Reporting Index (GRI) directly influence strategic partnership of corporations with NGOs.

Hypotheses testing is explained using SPSS a statistic program, with Factor Analysis.

#### Factor Analysis

The DJSI / GRI factors that were utilized in the survey are divided into three categories, mainly Economic factors, Social factors and Environmental factors.

Under each of these categories have a number of sub-factors that were rated by the

respondents using 5 point Likert Scale. Hence, factor analysis was used as data reduction tool to remove redundancy or duplication from the set correlated variables, DJSI Economic, Social and Environmental factors. The factor analysis is used to explore the data for patterns, confirm hypotheses.

### H1 - Economic Factors Hypothesis Testing

Hypotheses: Economic factors of DJSI/GRI directly influence strategic partnership of corporation with NGOs

Table 4.3 : Factor Analysis of Economic Factors of DJSI / GRI Directly Influence Strategic Partnership of Corporations with NGOs

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1. Economic Performance	15.668	48.961	48.961	9.921	31.002	31.002
2. Market presence	3.117	9.741	58.702	4.164	13.011	44.013
3. Indirect economic impacts	1.730	5.406	64.108	3.611	11.284	55.298
4. Procurement practices	1.597	4.991	69.100	2.781	8.691	63.989
5. Corporate governance	1.477	4.616	73.716	1.877	5.867	69.856
7. Code of Conduct	1.074	3.355	80.927	1.693	5.292	80.927
8. Compliance to ISO	.885	2.765	83.692			
9. Anti-corruption and Bribery	.712	2.226	85.918			
10. Antitrust policy	.642	2.005	87.923			
11. Brand management	.530	1.656	89.579			
12. Customer relationship management	.480	1.500	91.079			
13. Transparency	.468	1.462	92.540			
14. Innovation management	.342	1.068	93.608			
15. Anti-crime policy	.272	.851	94.459			
16. Marketing practices	.260	.812	95.271			
17. Strategy for emerging markets	.229	.716	95.987			

(Continued)

Table 4.3 (Continued) : Factor Analysis of Economic Factors of DJSI / GRI Directly  
Influence Strategic Partnership of Corporations with NGOs

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
18. Supply chain management	.187	.585	96.572			
19. Financial stability	.181	.566	97.139			
20. System risks	.169	.527	97.665			
21. Privacy protection	.148	.464	98.129			
23. Market opportunities	.095	.298	98.782			
24. Price risk management	.088	.274	99.056			
25. Exploration (R&D) and production	.064	.199	99.255			
26. Diversification	.055	.173	99.428			
27. Online risks and opportunities	.046	.143	99.570			
28. Independence of content	.041	.129	99.699			
29. Product quality and recall management	.039	.122	99.821			
30. IT security	.026	.081	99.903			
31. Combating Smuggling	.018	.057	99.959			
32. Reliability	.013	.041	100.000			

Table 4.3 shows the actual factors that were extracted. The extraction method used was Principal component analysis which met the cut-off criterion. In this case, there were seven DJSI/GRI economic factors with eigenvalues greater than 1. Economic performance factor has the highest variability in all of the Economic factors which accounts for 31.002 percent of the variability in all 32 economic factors. Followed by Market presence which accounts for 13.011% of variability, Indirect economic impacts accounts for 11.284% of variability, Procurement practices accounts for 8.691 % of variability, Corporate governance accounts for 5.867 % of

variability, Risk and Crisis Management with 5.779 % of variability, and Code of Conduct with 5.292 % of variability. Hence, the rest of the DJSI/GRI Economic factors didn't met the criterion and have less than 1 eigenvalues.

## H2 - Social Factors Hypothesis Testing

Hypotheses: Social factors of DJSI/GRI directly influence strategic partnership of corporation with NGOs

Table 4.4: Factor Analysis of Social Factors of DJSI / GRI Directly Influence Strategic Partnership of Corporations with NGOs

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1. Human capital development/training and education	12.636	45.128	45.128	10.071	35.968	35.968
2. Talent attraction and retention	3.443	12.297	57.425	3.630	12.965	48.934
3. Employment	2.572	9.185	66.609	3.255	11.624	60.558
4. Labor management relations	1.772	6.330	72.940	2.620	9.356	69.914
5. Occupational health and safety	1.494	5.336	78.276	1.983	7.081	76.995
6. Diversity and equal opportunities	1.055	3.768	82.043	1.414	5.049	82.043
7. Equal remuneration for women and men	.749	2.674	84.718			
8. Supplier assessment for labor practices	.590	2.107	86.824			
9. Labor practices grievance mechanisms	.539	1.924	88.749			
10. Labor practice indicators	.477	1.705	90.453			
11. Social reporting	.437	1.559	92.012			

(Continued)

Table 4.4 (Continued): Factors Analysis of Social Factors of DJSI / GRI directly influence strategic partnership of corporations with NGOs

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
12. Stakeholder engagement	.400	1.427	93.439			
13. Investment	.311	1.112	94.551			
14. Non-discrimination	.292	1.044	95.595			
15. Freedom of association and collective bargaining	.241	.861	96.457			
16. Child labor force or compulsory labor	.174	.622	97.078			
17. Security practices	.154	.550	97.628			
18. Indigenous rights	.131	.467	98.095			
19. Social impacts on local communities	.117	.419	98.514			
20. Anti-corruption	.095	.340	98.854			
21. Public policy	.077	.276	99.130			
22. Anti-competitive behavior	.059	.211	99.340			
23. Compliance	.048	.170	99.510			
24. Corporate citizenship/Philanthropy	.036	.130	99.640			
25. Customer health and safety	.036	.127	99.767			
26. Product and service labeling	.026	.094	99.861			
27. Marketing communication	.023	.083	99.943			
28. Customer privacy	.016	.057	100.000			

Extraction Method: Principal Component Analysis.

Table 4.4 shows the actual factors that were extracted. The extraction method used was Principal component analysis which met the cut-off criterion. In this case, there were seven DJSI/GRI social factors with eigenvalues greater than 1. Human capital development factor has the highest variability in all of the social factors which accounts for 35.968 percent of the variability in all 28 social factors. Followed by

Talent attraction and retention which accounts for 12.965% of variability, Employment accounts for 11.624% of variability, Labor management relations accounts for 9.356 % of variability, Occupational health and safety accounts for 7.081 % of variability, and Diversity and equal opportunities with 5.292 % of variability. Hence, the rest of the DJSI/GRI Social factors didn't met the criterion and have less than 1 eigenvalues.

### H3 - Environment Factors Hypothesis Testing

Hypotheses: Environment factors of DJSI/GRI directly influence strategic partnership of corporation with NGOs

Table 4.5: Factor Analysis of Environmental Factors of DJSI / GRI Directly Influence Strategic Partnership of Corporations with NGOs.

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1. Materials	10.058	55.877	55.877	4.415	24.530	24.530
2. Energy	1.850	10.277	66.154	3.867	21.481	46.011
3. Waste	1.401	7.782	73.935	3.614	20.078	66.089
4. Effluents	1.127	6.264	80.199	2.540	14.110	80.199
5. Waste management	.749	4.162	84.361			
6. Emission	.611	3.393	87.754			
7. Environment policy/ management system	.551	3.061	90.815			
8. Operational eco-efficiency	.477	2.651	93.466			
9. Climate strategy	.262	1.458	94.924			
10. Water-related risks	.216	1.198	96.121			
11. Low carbon strategy	.192	1.065	97.186			
12. Recycling	.174	.969	98.155			

(Continued)



Table 4.5 (continued): Factor Analysis of Environmental Factors of DJSI / GRI

Directly Influence Strategic Partnership of Corporations with  
NGOs.

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
13. Biodiversity	.126	.700	98.855			
14. Business risks and opportunities	.093	.519	99.374			
15. Genetically modified organisms(GMO)	.046	.256	99.630			
16. Packaging	.040	.225	99.855			
17. Raw materials	.021	.117	99.972			
18. Hazardous substance	.005	.028	100.000			

Table 4.5 shows the actual factors that were extracted. The extraction method used was Principal component analysis which met the cut-off criterion. In this case, there were seven DJSI/GRI environmental factors with eigenvalues greater than 1. Materials factor has the highest variability in all of the environmental factors which accounts for 24.530 percent of the variability in all 18 environmental factors. Followed by Energy which accounts for 21.481% of variability, Waste accounts for 20.078% of variability, Effluents accounts for 14.110 % of variability. Hence, the rest of the DJSI/GRI environmental factors didn't met the criterion and have less than 1 eigenvalues.

## Qualitative Findings

### Interview Findings

An in-depth interview was conducted to top executives of public-listed companies 25 to 30 minutes one-on-one in-depth interview session with each respondents. Due to respondents' request not to disclose their personal identity nor the companies they represent, hence only their positions and company industries were mentioned.

The respondents' responses:

1. "What are your company's sustainability development initiatives to balance your economic, social and environment impacts?"

### Chief Operating Officer (COO) - Asphalt Company (Public listed)

We use fuel which mean we emit a lot of carbon dioxide into the atmosphere. We are working quite hard on the environmental issues--we would like reduce the carbon dioxide emission. (1) We would like to use green energy by supporting the Solar Cell technology in building or refurbishing our plants. However, this project is still pending for a couple of years now but I'm still considering to push through with this plan. I asked our Operation's Team in our plants to come up with the construction plan, budgeting, return-on-investment and pay-back period. If it's not a huge investment and we can earn back on green energy, the we would push through with the plan. (2) We also promote a lot of new environmental-friendly products like Asphalt Emulsion, a cold technique which does not require energy to heat-up and the more we could sell this product the more we save on carbon dioxide emission. These

are the environmental activities that we are implementing now. We follow the ISO 26000 and there are 7 core factors--our company prioritizes the top 2 of 7-- community and the environment.

System Development Director - Petroleum Company (Public listed)

Our company strategic CSR focus on social needs because we live close to the community, we live with people. We have petroleum refinery nationwide in Thailand-- Our plants are surround with communities and how can we live with those communities is the big question. We would like to be a good citizen of the country. What does it mean to be a good citizen? It means that we are good tax payers, we don't want to avoid any tax. We need to contribute back to the society, hence we have to give back to the local communities around all our plants. We can't operate if there will be NGOs who will criticize our business operations--we can't operate if there will be demonstrations in front of our plants because of the smell and air pollution emitted from our production line. We have to make sure that we have good relationship with the community around us.

System Development Senior Manager - Asphalt Company (Public listed)

1.) Sustainable Consumption Policy

-One of the raw materials that we're using to make one type of asphalt is getting limited which is AC then our company got to find new sources to replace this, and as such we tap into the Rubber Trees property to replace AC. We do this for to balance economic purpose, environmental impact and social factor to use natural rubber in our eco-friendly asphalts. We have to think new strategies and consider the

GRI and DJSI factors to have process in finding new solutions to improve our products.

## 2.) Environmental Initiatives

a.) Reduction of CO<sub>2</sub> Emissions: This is to help our community to solve the problem of climate change because in order to battle this we have to measure the CO<sub>2</sub> in the atmosphere. Therefore, we would like to help reduce the CO<sub>2</sub> by "business as usual" which is to reduce the heating cost because it comes from the companies' manufacturing process of using the oil in their heating process. If our company can reduce our heating cost, it will be better to reduce CO<sub>2</sub> and help embattle climate change. Our company has to set up goals to reduce CO<sub>2</sub> emission by 20,000 tons of carbon per year.

b.) 5 Trees per employee in 5 Trees: Planting trees 5 kilometers away from our Asphalt Plants, and we initiate every employees in the company to participate by planting 5 trees and take care of them for 5 years until its grown. Then we partner with the local schools and local government to give us a space in the community to do our reforestation activity. After planting, the local community will take care of these trees, then our company representatives visit them every year to make sure that the trees are in good condition. After 5 years and these trees are already full grown then we start planting 5 sets of trees per employee and repeat the same process. For every one ton carbon emission is equivalent to one 10 years tree, hence we have to continuously grow trees to somehow help in the reduction of CO<sub>2</sub>. The trees that we plant can only help absorb some of the CO<sub>2</sub> emissions that our asphalt plants' produce but it can't really make a big impact in helping the climate

change of the world. Hence, every manufacturing companies should have the same goal and initiatives to help the environment. If each company can make it sustainable, meaning planting trees every year then it would make a lot of difference. If we do this simultaneously, sustainably every year and visit quarterly then it would help our brand image because not many big companies have this kind of environmental initiative. The other purpose is to treat our employees as volunteers, if every employees know about the impact of planting trees to the environment then it would help motivate them do more hard work.

c.) One Product, One Community: Our company has implemented this policy for our Asphalt Plants' to have community involvement and development by helping the community to know their needs and how we can support them. We then earn their trust and became their partners and a pact that we go together towards a brighter future. Example, our Phitsanulok Plant, we help the community of farmers to produce high quality rice grains that would in turn help their livelihood. We help them by repairing and maintenance of their machines, providing spare parts of the machines to produce the rice more efficiently and effectively. We bring our own engineers to help produce new equipments and calibrate their existing machines. The company's initiative is to show the community that it's not the money that we put in to help them but our good relationship.

Chief Executive Officer - Food Industry Retail Company (Public listed)

We do CSR for all our retail brands--we actually focus very much on children and women, we see that there are a lot of issues regarding children and women here in Thailand. So, but most of our CSRs goes to children--one project is we support

children with heart disease each year in some hospitals. We sponsor about 3-4 children heart operation for over a hundred thousand baht for each children and then meet them after their recuperating period. You might think we've only helped 3-4 children each year but our help really made a big difference in their lives and families. Our marketing people do their research and we help children who are in most dire need of life-saving operation. However, we don't advertise our CSR initiatives but we keep them in our records and it will go through our new website where we're going to talk about the CSR projects that we do.

Corporate Senior Manager - Bank (Public Listed)

We would like to practice good corporate governance therefore our Board of Directors appointed a Corporate Social Responsibility Committee almost 10 years ago with a goal to design a CSR framework and implement CSR projects and activities. We believe in potential of people which is the very reason why we invest a lot in supporting youth development and continuous learning of Thai youth. We sponsor various activities to cultivate culture and arts by initiating creativity.

2. " In which of these factors does your company excel on and which do you think you need more knowledge and support externally?"

Chief Operating Officer (COO) - Asphalt Company (Public listed)

Most companies are already complying with the sustainability development based on DJSI/GRI factors. Our company is accredited and already practicing in our operation process such as Occupational Health & Safety is part of ISO18000, Equal Remuneration of Men & Women which is under Human Rights, Supplier Assessment.

We are working on this part because we are gearing for ISO2600 and Decent Labor Practice we comply in accordance with the Thai Labor Standards.

System Development Director - Petroleum Company (Public listed)

Our company needs more external expertise on environmental factor. As I've mentioned earlier about the company's Reduction of CO2 emission, we've set goal to reduce 20,000 tons of carbon each year, however this is not a good goal or KPI because our CO2 emission is around these amount each year in our domestic plants alone, excluding our refineries abroad.

System Development Senior Manager - Asphalt Company (Public listed)

I don't think our company excel in any of the GRI / DJSI factors. Let's start with Economic first, in order to know that we excel economically we've got to look at past records of profit--financial highlights, net profit, total revenue percentage should be better each year but we are not there yet. We have just stable revenue but not yet exceptional, we have to do better than the figures that we have right now if I would say we excel in terms of economic factors.

Chief Executive Officer - Food Industry - Retail Company (Public listed)

Look, I think no company excel on Environmental Factors and this is the main issue that I would like to talk about more on my talks. I go into a lot of lectures with many companies about Merging & Acquisition and Entrepreneurship and I highlight the fact that in the old days companies only think about making money and earning more profit but nobody thinks about the Environmental Factor in their businesses. I think that the future of Entrepreneurship is very important to put part of the profit

towards the environment. But how to do it, that is the question. For example, if you talk about Thailand, how are you going to do it? Nobody does a good job about Environment Sustainability Factor and it's important.

At the moment, I think we excel on Economic and Social Factors because we keep on developing the stores, creating more jobs for Thais and generating more income. We also have a program for college students to give them part-time jobs in our stores so that they could earn extra income decently. I think that Thai students, especially MBA students should undergo internship so they will get experience about the corporate life and they could get jobs easily.

#### Corporate Senior Manager - Bank (Public Listed)

We need more knowledge and support externally in terms of more knowledge and expertise regarding the sustainability development initiatives and DJSI and GRI guidelines and triple bottom line factors to adopt to follow the SET policies, but initially it was difficult to let the Management approve or buy this idea of CSR and/or sustainability development framework that we have to adopt in order for us to comply with Corporate Governance policies set by governments and ILOs. For example, we have five new policies: (1) Corporate Governance policies, (2) compliance to CSR, (3) Anti-corruption,(4) Sustainable Procurement. As a Corporate Senior Manager, I have to draft the new policies and get approval from the MD and convince him that SET has just announced these Corporate Governance policies, hence if we do it first we'll be the first listed company to comply and/or make reference to other listed companies (such as PTT, SCG or international companies, like Coca Cola) who have already complied with SET policies. After getting approval from the MD, then we



pass it to the Board of Directors for final approval and to be implemented in the company's strategy and business operations. This is the way to approve a policy in a company, especially when it is about sustainability development, there should be a linkage from International bodies that approve global corporate sustainability.

3. "What is your opinion of corporate-NGO partnerships for sustainable development?"

Chief Operating Officer (COO) - Asphalt Company (Public listed)

Actually, I'm not anti-NGO because these are organizations that help the private sector to promote or give awareness on society and environmental factors. Without corruption, I think NGO-corporate partnership would make phenomenal impacts for sustainable development efforts. If a company is going to partner with NGOs, then both sides should have mutual agreement and their vision and mission should be aligned for a common goal.

Corporate-NGO partnership will be successful if there will be clear expectations, understanding and each projects/programs should be planned strategically. Corporate-NGO partnership should also avoid or prevent any negative arrangements that we may face.

I think partnering with an NGO with the same goal as of the company is beneficial to help us care and solve environment and societal issues.

System Development Director - Petroleum Company (Public listed)

For my personal perception of NGO isn't positive at all. Based from information of what I've heard from many countries, NGOs have noble goals but

most of them do not follow their real objective to help the society especially the poor instead they have hidden agenda and activities that may not be aligned with their key objectives. Most of the executives of international NGOs are living very luxuriously which I personally think is not good since they were supposed to be live humbly and simply.

There's a lot of monkey business going on with these NGOs and they use their influence to lobby governments and take advantage of donations or as I've said live luxuriously in expense of the funds that were supposedly for humanitarian cause. Some top NGO executives even make arrangements with companies that they will partner with them and make PR reports of the companies' good deeds and CSR initiatives in exchange of huge amount of money or a trip to Europe for NGO executives' family. I admire the key objectives of NGOs, I think it's great to help in uplifting the well-being of the society especially the less-fortunate ones. But the NGO people who implement and organize the objectives and programs are making the problem. NGO executives should manage the donations well, make good leverage out of the funds in order to help the target community who are in dire need of financial support and aid. They should not take the donation straight to their pockets. They chose to be in the NGOs because of their passion, good values and good intention to give back to the society and the environment. Hence, most people develop mistrust to these NGOs.

#### System Development Senior Manager - Asphalt Company (Public listed)

We never begin whether we need NGO or not. As a company, we have to ask ourselves who are our stakeholders. Maybe the NGO is not the closest stakeholder,

we have to know who will benefit, who will be impacted of our business operations in order to select our stakeholder. Then we have to set the priority, hence, NGO is not our priority.

Normally, NGO cannot help us because we do CSR to the community around our plants, we set up scope to help the community 5 kilometers from the Plant. Hence, we know ourselves and the community more than the NGO who is basically an outsider and unaware of the immediate needs of the community.

Chief Executive Officer (CEO) - Food Industry - Retail Company (Public listed)

I think that the international companies coming to Thailand and partnering with local NGOs is very strategic in getting to know the culture and to be able to help local communities.

Corporate Senior Manager - Bank (Public Listed)

At the moment, there is no need to partner with NGO to for sustainable development of the company because we are still in control and very active to meet the ISO26000 (CSR). We are currently at accredited to Level 3 of ISO 26000 compared to the other asphalt companies in Thailand who are only accredited at Level 1 of ISO 26000.

4. "What kind of motivations would you consider to form a strategic partnership with an NGO to carry out sustainability development projects for your company?"

Chief Operating Officer (COO) - Asphalt Company (Public listed)

Since we are gearing up to comply and to get accredited from ISO 26000, we have to focus the environmental issues now. NGOs could play a big part in order to support the private sector or private companies like Tipco Asphalt to help promote and handle environmental issues.

System Development Director - Petroleum Company (Public listed)

In the future, if we would like to seek help and partner with an NGO, the first thing we have to look at is their expertise, secondly is their connection or network to connect with other local authorities and target community. If for example, an NGO's expertise is forestation then we can use their expertise to implement in our area. NGO needs to have good connection with local authorities to help us connect easily with the community and to government agencies.

System Development Senior Manager - Asphalt Company (Public listed)

The environmental consciousness is not there yet for Thais, you can see evidently that there are few Thai corporations that have joined with ISO26000. There are approximately 20 corporations who are working on to comply with ISO26000 compared with the thousands of other companies in the country. That's the reason why I've mentioned that the consciousness for Environmental issues is not there yet. I think it will take time because most companies think about their own profit first-- social and environmental factor is secondary. If there's only one thing that I can assure you, the company that comply with the regulations regarding Social and Environment will be sustainable.

Chief Executive Officer (CEO) - Food Industry - Retail Company (Public listed)

We do a few sustainability projects more on the social factors, helping children with heart problems and disabilities. We basically do it because we have to report it to the Stock Exchange of Thailand for us to be a Public Listed Company.

I will absolutely partner with NGOs to help us with our Environmental initiatives, and I think all companies should start getting the expertise from NGOs to improve the environment factors. Look what's happening to the world now and I think that we really need to do something about this. If there are any NGOs interested to partner with me for Environmental Factors I would definitely put it in my priority list. I think it's more important than CSR programs and eventually Environmental issues is going to be more and more severe and rampant.

Corporate Senior Manager - Bank (Public Listed)

We would partner with NGO if we could find the right one who has the same values as we do and could help us with our sustainable development initiatives.

5. " Which factors from DJSI/GRI sustainability criteria would make you partner with an NGO? Why?"

Chief Operating Officer (COO) - Asphalt Company (Public listed)

I believe in people--I think I would choose People Development. If I were to partner with NGO, I would consider these factors: (1) Talent Attraction & Retention, (2) Social Reporting, (3) Stakeholder Engagement, (4) Non-discrimination, (5) Child Labor Force, (6) Security Practices. Safety & security is important for operations. Society, (Corporate Citizenship and Philanthropy I don't like these two because they

are overly used for only PR). Product Responsibility...all are important. But Labeling is not important for us because of the nature of our business, we deal more with the government and road contractors. For Environment--Energy, Emission, Low Carbon Strategy.

System Development Director - Petroleum Company (Public listed)

I think under Environment Factor would make me partner with NGO. The big issue that I would need help from is Adopting to Climate Change, it is difficult to face or battle Global Warming alone. We need NGO's expertise to help the reduction of our CO2 Emissions. If it is about Prevention of Pollution and Sustainable Consumption, we don't need help from NGO, because it is directly within the company's responsibilities. Maybe we also need some technical expertise but not necessarily from an NGO, it should actually come from our business partners who knows exactly how to reduce heating cost for sustainable consumption.

For Social Factors, the first thing that I could think of is Company Culture. This means helping the target community by giving them technology and educating them to create revenue. It means supporting them financially and help them to create products and teach them strategies to sell these products. I think it is also important to help Preserve the Culture of local communities.

For Economic Factors, the board of directors along with the stockholders expect the company to generate revenue. However this part is very challenging and entails stable financial performance and dramatic business growth that is more of internal dynamic than of partnering with an NGO.

System Development Senior Manager - Asphalt Company (Public listed)

Complying with these regulations such as DJSI/GRI factors will take time and costly but the payback is worthwhile. For instance, if a company's sole purpose is just to earn profit but neglect on social and environmental issues could not survive in the long run. I believe in ISO26000, Corporate Social Responsibility, DJSI, GRI and the whole sustainability development framework. These practices and procedures are excellent that each company should follow. When you look at the companies who have been running their businesses for more than a century, they all focus more on social and environment. They don't think about much on earning profit--maximizing their profit is not their first priority but in Thailand is quite different because the consciousness and belief are not there yet. But sooner or later, we have to change and accept sustainability development. It is much apparent now due to much more compliance on ISO26000, CSR, GRI, DJSI are becoming more and more accepted by Thai companies recently.

Chief Executive Officer (CEO) - Retail Company (Public listed)

I think that Economic is most important, Social next and last Environment.

Corporate Senior Manager - Bank (Public Listed)

I believe that in the next or 5 generations from now will tremendously suffer severe climate change, toxicity of water, soil and air and the like if we don't act now. If big corporations will continue to operate the way irresponsibly and for profit only without caring or thinking of the consequences of their operations might cause to the environment, the society and economics. We need to start helping each other, it

might sound too ideal and that "Utopia" society is not real but it is every companies good intention to move and practice sustainability development but in Thailand, it is still about to start.

### Other Research Findings

Table 4.6 : Male and Female Attitude Towards DJSI/GRI Directly Influence Strategic Partnership of Corporation with NGOs

Group Statistics					
	gender	N	Mean	Std. Deviation	Std. Error Mean
ECO	Male	228	2.8980	.77079	.05105
	Female	172	3.4037	.87663	.06684
Social	Male	228	3.2423	.75476	.04998
	Female	172	3.8000	.63967	.04877
Environ	Male	228	3.4101	.80038	.05301
	Female	172	3.9696	.67552	.05151

Table 4.6 shows Male and Female respondents have different attitude towards DJSI/GRI factors because the P-Values is  $<0.05$ .

Table 4.7 : Job Level Opinion Towards Economic Factors Directly Influence Strategic Partnership of Corporation with NGOs

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	80.251	4	20.063	37.542	.000
Within Groups	211.093	395	.534		
Total	291.345	399			

Table 4.7 shows each job level has different opinion regarding the Economic Factor because the  $F = 37.542$  and the (Sig. = .000) is  $< 0.05$



Table 4.8 : Job Level Opinion Towards Social Factors Directly Influence Strategic Partnership of Corporation with NGOs

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	61.823	4	15.456	36.350	.000
Within Groups	167.952	395	.425		
Total	229.776	399			

Table 4.8 shows each job level has different opinion regarding the Social Factor because the  $F = 36.350$  and the (Sig. = .000) is  $< 0.05$ .

Table 4.9: Job Level Opinion Towards Environment Factors Directly Influence Strategic Partnership of Corporation with NGOs

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	39.020	4	9.755	17.911	.000
Within Groups	215.128	395	.545		
Total	254.148	399			

Table 4.9 shows each job level has different opinion regarding the Environment Factor because the  $F = 17.911$  and the (Sig. = .000) is  $< 0.05$ .

## CHAPTER 5

### DISCUSSION

This chapter will discuss the collection of data and describe the results of the research. Hypotheses summary and discussion are also included in this chapter. The research will describe the interesting issues that were found during the research, survey and recommendation.

#### Hypotheses Summary

H1: Economic factors of DJSI/GRI directly influence strategic partnership of corporation with NGOs

Hypothesis H1 was tested after the research findings, Factor Analysis to test the dominant factors and there were seven DJSI/GRI economic factors with eigenvalues greater than 1. Economic performance factor has the highest variability in all of the Economic factors which accounts for 31.002 percent of the variability in all 32 economic factors. Followed by Market presence which accounts for 13.011% of variability, Indirect economic impacts accounts for 11.284% of variability, Procurement practices accounts for 8.691 % of variability, Corporate governance accounts for 5.867 % of variability, Risk and Crisis Management with 5.779 % of variability, and Code of Conduct with 5.292 % of variability. Hence, the rest of the DJSI/GRI Economic factors didn't met the criterion and have less than 1 eigenvalues.

H2: Social factors of DJSI/GRI directly influence strategic partnership of corporation with NGOs

Hypothesis H2 was tested after the research findings, Factor Analysis was used to test the dominant factors and there were seven DJSI/GRI social factors with eigenvalues greater than 1. Human capital development factor has the highest variability in all of the social factors which accounts for 35.968 percent of the variability in all 28 social factors. Followed by Talent attraction and retention which accounts for 12.965% of variability, Employment accounts for 11.624% of variability, Labor management relations accounts for 9.356 % of variability, Occupational health and safety accounts for 7.081 % of variability, and Diversity and equal opportunities with 5.292 % of variability. Hence, the rest of the DJSI/GRI Social factors didn't met the criterion and have less than 1 eigenvalues.

H3: Environmental factors of DJSI/GRI directly influence strategic partnership of corporation with NGOs

Hypothesis H3 was tested after the research findings, Factor Analysis was used to test the dominant factors and there were seven DJSI/GRI environmental factors with eigenvalues greater than 1. Materials factor has the highest variability in all of the environmental factors which accounts for 24.530 percent of the variability in all 18 environmental factors. Followed by Energy which accounts for 21.481% of variability, Waste accounts for 20.078% of variability, Effluents accounts for 14.110 % of variability. Hence, the rest of the DJSI/GRI environmental factors didn't meet the criterion and have less than 1 eigenvalues.

## Discussion

This part will be discussed all 5 factors and compared between in-depth interview and questionnaire survey result.

Economic Factors - from the in-depth interview of Top Executives from Corporations in Bangkok, most of them do not agree that Economic Factor will motivate them to form strategic partnership with NGOs for their sustainability development initiatives.

The COO from an Asphalt Company (Respondent 1) thinks that the first priority should be profit because without any revenue then the company will not be ready or won't be in the position to be supportive to other things aside from running the business. The company needs to survive by generating more or sufficient income in order for us to move the business further. Then profit is his key part, hence economical factor is the most important for me. However, he doesn't find a motivation to partner with NGO as his company is very strong in terms of Economical factor.

The CEO of Group of Retail Business (Respondent 2) shared that, "At the moment, I think we excel on Economic and Social Factors because we keep on developing the stores, creating more jobs for Thais and generating more income. We also have a program for college students to give them part-time jobs in our stores so that they could earn extra income decently. I think that Thai students, especially MBA students should undergo internship so they will get experience about the corporate life and they

could get jobs easily." He concluded that there is no need for their retail business to partner with an NGO in order for them to have sustainability development in terms of their Economic factors because they are already excelling independently in terms of profit generation.

The Senior Manger of System Development department for an Asphalt Company (Respondent 3) said, "I don't think our company excel in any of the GRI / DJSI factors. Let's start with Economic first, in order to know that we excel economically we've got to look at past records of profit--financial highlights, net profit, total revenue percentage should be better each year but we are not there yet. We have just stable revenue but not yet exceptional, we have to do better than the figures that we have right now if I would say we excel in terms of economic factors. However I don't think it would be a motivation for us to partner with NGOs to improve our economic factor. We would most likely hire a professional firm consultant to improve our revenue and business strategy to grow more on economic side.

Same as questionnaires result, the survey respondents have Neutral perception and therefore indicates that Economic Factor does not directly influence the strategic partnership of corporate and NGO.

Social Factors - from the in-depth interview of Top Executives from Corporations in Bangkok, most of them do not agree that social factor will motivate them to form strategic partnership with NGOs for their sustainability development initiatives.

The COO from an Asphalt Company (Respondent 1) thinks, "I believe in people-- I think I would choose People Development. If I were to partner with NGO, I would consider these social factors: (1) Talent Attraction & Retention, (2) Social Reporting, (3) Stakeholder Engagement, (4) Non-discrimination, (5) Child Labor Force, (6) Security Practices. Safety & security is important for operations. Society, (Corporate Citizenship and Philanthropy I don't like these two because they are overly used for only PR). Product Responsibility...all are important. But Labeling is not important for us because of the nature of our business, we deal more with the government and road contractors."

All the top executives that were interviewed all agreed the importance of Social Factor however even if they believe that the Social Factor is important because they have strong Human Resource department that comply with all the Social policies set by the SET of Thailand and International factors in both DJSI and GRI. They believe that they know the local communities around their Plants, refineries, factories and even banks that they could reach out to them and initiate CSR projects that are customized to their needs and do not need expertise from NGOs on this part.

There is only 1 of the respondents which is the CEO of the retail business that agree that his company needs help from NGO in order for them to focus on the target groups in the local communities close to their shops or where they do business and manufacturing and be able to determine the right projects and initiatives that they could propose and implement to these communities.

Consequently the questionnaires result have shown the respondents' Agree that social factor would motivate them to partner with NGO and therefore indicates that social factor directly influence the strategic partnership of corporate and NGO.

These research results from the Mixed Methodology shown a big gap from the perception of Corporate Mangers to that of the Top Executives who approves the policies in the company and business path that will lead to sustainability development. Therefore, given that the managers would propose to the top executives the need to partner with NGOs to improve their Social Factors would still be largely dependent to the top decision makers approval and perception.

Environment Factors - from the in-depth interview of Top Executives from Corporations in Bangkok, most of them do not agree that Economic Factor will motivate them to form strategic partnership with NGOs for their sustainability development initiatives.

The COO from an Asphalt Company (Respondent 1) thinks, " The environmental consciousness is not there yet for Thais, you can see evidently that there are few Thai corporations that have joined with ISO26000. There are approximately 20 corporations who are working on to comply with ISO26000 compared with the thousands of other companies in the country. That's the reason why I've mentioned that the consciousness for Environmental issues is not there yet. I think it will take time because most companies think about their own profit first--social and environmental factor is

secondary. If there's only one thing that I can assure you, the company that comply with the regulations regarding Social and Environment will be sustainable. It means that complying with these regulations such as DJSI/GRI factors will take time and costly but the payback is worthwhile. For instance, if a company's sole purpose is just to earn profit but neglect on social and environmental issues could not survive in the long run. I believe in ISO26000, Corporate Social Responsibility, DJSI, GRI and the whole sustainability development framework. These practices and procedures are excellent that each company should follow. When you look at the companies who have been running their businesses for more than a century, they all focus more on social and environment. They don't think about much on earning profit--maximizing their profit is not their first priority but in Thailand is quite different because the consciousness and belief are not there yet. But sooner or later, we have to change and accept sustainability development. It is much apparent now due to much more compliance on ISO26000, CSR, GRI, DJSI are becoming more and more accepted by Thai companies recently. I believe that in the next or 5 generations from now will tremendously suffer severe climate change, toxicity of water, soil and air and the like if we don't act now. If big corporations will continue to operate the way irresponsibly and for profit only without caring or thinking of the consequences of their operations might cause to the environment, the society and economics. We need to start helping each other, it might sound too ideal and that



"Utopia" society is not real but it is every companies good intention to move and practice sustainability development but in Thailand, it is still about to start."

The CEO of Retail business stated, " I will absolutely partner with NGOs to help us with our Environmental initiatives, and I think all companies should start getting the expertise from NGOs to improve the environment factors. Look what's happening to the world now and I think that we really need to do something about this. If there are any NGOs interested to partner with me for Environmental Factors I would definitely put it in my priority list. I think it's more important than CSR programs and eventually Environmental issues is going to be more and more severe and rampant."

The Senior Manager of System Development for the Asphalt Company states that, "Our company needs more external expertise on environmental factor. As I've mentioned earlier about the company's Reduction of CO2 emission, we've set goal to reduce 20,000 tons of carbon each year, however this is not a good goal or KPI because our CO2 emission is around these amount each year in our domestic plants alone, excluding our refinery in Malaysia and other international subsidiaries."

All the top executives that were interviewed all strongly agreed that if they would partner with NGO to develop sustainability development framework is about Environmental factors.

Similarly the questionnaires result have shown the respondents' Agree that environmental factor would motivate them to partner with NGO and therefore indicates

that environmental factor directly influence the strategic partnership of corporate and NGO.

### Recommendation

The minimal research on this topic limits both private and civil sectors in Thailand to see the potential of cross-sector partnership; hence, this thesis would present the relevant effects of strategic collaboration on boosting businesses and impacting the society. Those in the academe will gain insights about the driving factors and development of strategic partnership; thus raising awareness and The results and/or outcomes of this thesis would contribute for further development of the research on this field.

This research is conducted to analyze the driving factors that motivate corporation managers to form strategic partnership with NGOs. Therefore, this thesis does not discuss extensive effects and/or a representation of business and NGO partnerships in Thailand and overseas; nor does this research advocate that cross-sector collaboration undermines government policies and projects to solve social issues and challenges.

Future research could add more variables in determining the impact of cross-sector collaboration on business and the rural Thai community to further validate and fortify the study. In addition, comparing various business and NGO partnerships in Thailand in terms of similarities and differences on their motivations, operations and project outcomes. Further research could also tackle the changing trends in business-

NGO partnerships, explore on the difficulties and benefits of strategic partnerships, in-depth analysis of the NGO-Business strategic partnership's effects and/or impacts on the recipient community of the project.



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## SURVEY QUESTIONNAIRE



มหาวิทยาลัยกรุงเทพ  
BANGKOK UNIVERSITY

GRADUATE SCHOOL

## SURVEY QUESTIONNAIRE

DRIVING FACTORS OF CORPORATE-NGO STRATEGIC PARTNERSHIP IN  
BANGKOK

Thank you for taking the time to fill-out this questionnaire. This survey is designed in partial fulfillment of Bangkok University MBA research program. All data will be kept confidential and will be used for research evaluation purpose only. Please complete all question by marking “” in the [ ] or brackets before each questions.

## Part 1: Personal Data

## 1 Gender

Male

Female

## 2 Age

20 – 25 Years old

26 – 30 Years old

31 – 35 Years old

36 – 40 Years old

40 – 45 Years old

More than 45 Years old

## 3 Position

Supervisor

Senior Manger

Manager

Assistant Director

Director

## 4 Department

Marketing       Operations       Human Resource

Sales       System Development

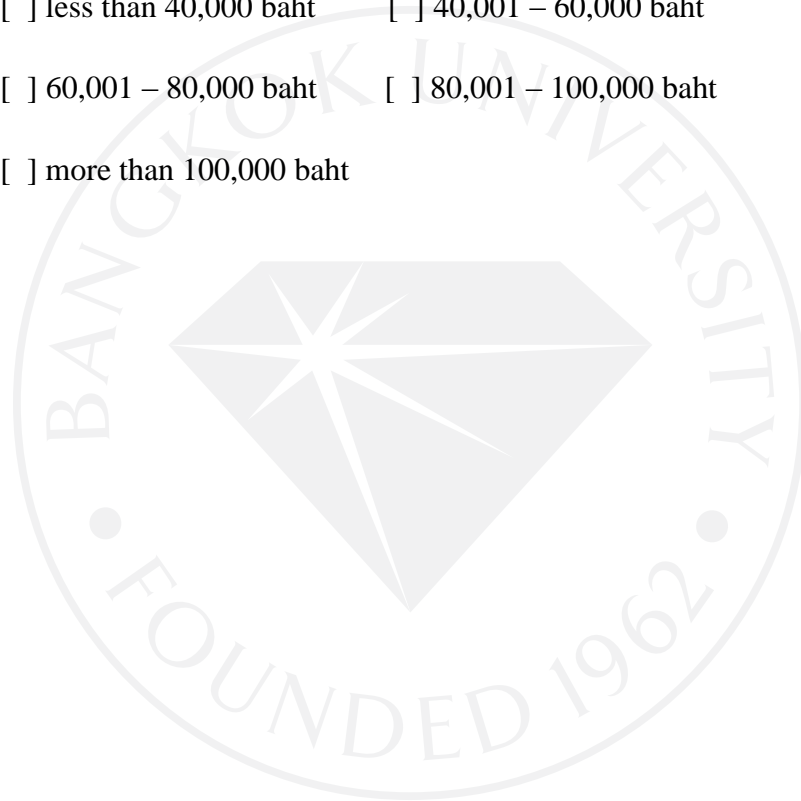
Corporate Administration       Others \_\_\_\_\_

## 5 Salary

less than 40,000 baht       40,001 – 60,000 baht

60,001 – 80,000 baht       80,001 – 100,000 baht

more than 100,000 baht



## Part 2: DJSI and GRI Corporate Sustainability Development Factors

1 Strongly disagree, 2 Disagree, 3 Neither agree nor disagree, 4 Agree, 5 Strongly agree						
Economic Factors						
Please rate the following Economic Factors that you think are important for companies to focus on and would help motivate corporate decision makers to consider partnering with NGOs		1	2	3	4	5
1	Economic performance					
2	Market preference					
3	Indirect economic impacts					
4	Procurement practices					
5	Corporate governance					
6	Risk and crisis management					
7	Codes of Conduct					
8	Compliance to ISO standards					
9	Anti-corruption and Bribery					
10	Antitrust policy					
11	Brand management					
12	Customer relationship management					
13	Transparency					
14	Innovation management					
15	Anti-crime policy/measures					
16	Marketing practices					

1 Strongly disagree, 2 Disagree, 3 Neither agree nor disagree, 4 Agree, 5 Strongly agree						
Economic Factors		1	2	3	4	5
Please rate the following Economic Factors that you think are important for companies to focus on and would help motivate corporate decision makers to consider partnering with NGOs						
17	Strategy for emerging markets					
18	Supply chain management					
19	Financial stability					
20	System risk					
21	Privacy protection					
22	Scorecards/Measurement system					
23	Market opportunities					
24	Price risk management					
25	Exploration (R&D) and production					
26	Diversification					
27	Online risks and opportunities					
28	Independence of content					
29	Product quality and recall management					
30	IT security					
31	Combating Smuggling					
32	Reliability					

1 Strongly disagree, 2 Disagree, 3 Neither agree nor disagree, 4 Agree, 5 Strongly agree						
Social Factors						
Please rate the following Social Factors that you think are important for companies to focus on and would help motivate corporate decision makers to consider partnering with NGOs						
Social Factors: a.) Labor Practices and Decent Work		1	2	3	4	5
33	Human capital development/Training and Education					
34	Talent attraction and retention					
35	Employment					
36	Labor management relations					
37	Occupational health and safety					
38	Diversity and equal opportunities					
39	Equal remuneration for women and men					
40	Supplier assessment for labor practices					
41	Labor practices grievance mechanisms					
42	Labor practice indicators					
43	Social reporting					
44	Stakeholder engagement					

Social Factors: b.) Human Rights		1	2	3	4	5
45	Investment					
46	Non-discrimination					

1 Strongly disagree, 2 Disagree, 3 Neither agree nor disagree, 4 Agree, 5 Strongly agree						
Social Factors						
Please rate the following Social Factors that you think are important for companies to focus on and would help motivate corporate decision makers to consider partnering with NGOs						
Social Factors: b.) Human Rights		1	2	3	4	5
47	Freedom of association and collective bargaining					
48	Child labor forced or compulsory labor					
49	Security practices					
50	Indigenous rights					

Social Factors: c.) Society		1	2	3	4	5
51	Social impacts on Local communities					
52	Anti-corruption					
53	Public policy					
54	Anti-competitive behavior					
55	Compliance					
56	Corporate citizenship/Philanthropy					
57	Customer health and safety					



1 Strongly disagree, 2 Disagree, 3 Neither agree nor disagree, 4 Agree, 5 Strongly agree						
Social Factors						
Please rate the following Social Factors that you think are important for companies to focus on and would help motivate corporate decision makers to consider partnering with NGOs						
Social Factors: d.) Product Responsibility		1	2	3	4	5
58	Product and service labeling					
59	Marketing communication					
60	Customer Privacy					

Environmental Factors						
Please rate the following Environment Factors that you think are important for companies to focus on and would help motivate corporate decision makers to consider partnering with NGOs						
		1	2	3	4	5
61	Materials					
62	Energy					
63	Water					
64	Effluents (out flowing from factories of water to the seas, rivers, oceans and gas to the atmosphere)					
65	Waste management					
66	Emission					
67	Environment Policy/Management system					

1 Strongly disagree, 2 Disagree, 3 Neither agree nor disagree, 4 Agree, 5 Strongly agree						
Environmental Factors		1	2	3	4	5
Please rate the following Environment Factors that you think are important for companies to focus on and would help motivate corporate decision makers to consider partnering with NGOs		1	2	3	4	5
68	Operational Eco-efficiency					
69	Climate strategy					
70	Water related risks					
71	Low carbon strategy					
72	Recycling					
73	Biodiversity					
74	Business risks and opportunities					
75	Genetically modified organisms (GMO)					
76	Packaging					
77	Raw material sourcing					
78	Hazardous substance					

## INTERVIEW QUESTIONNAIRE



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## INTERVIEW QUESTIONNAIRE

DRIVING FACTORS OF CORPORATE-NGO STRATEGIC PARTNERSHIP IN  
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Thank you for taking the time to fill-out this questionnaire. This interview is designed in partial fulfillment of Bangkok University MBA research program. All the data will be kept confidential and will be used for research evaluation purpose only.

Please complete all question by marking “☐” in the [ ] or brackets before each questions.

## Part 1: Personal Data

1 Gender

 Male Female

2 Age

 40 – 45 Years old More than 45 Years old

3 Position

 COO CEO CFO Managing Director Director

## Part 2: In-depth Interview

This will serve as an in-depth interview questions that will be conducted to corporate decision makers who approves policies in a company and could consider a strategic partnership with NGOs.

1. What are your company's sustainability development initiatives to balance your economic, social and environment impacts?
2. In which of these factors does your company excel on and which do you think you need more knowledge and support externally?
3. What is your opinion of corporate-NGO partnerships for sustainable development?
4. What kind of motivations would you consider to form a strategic partnership with an NGO to carry out sustainability development projects for your company?
5. Which factors from DJSI/GRI sustainability criteria would make you partner with an NGO? Why?

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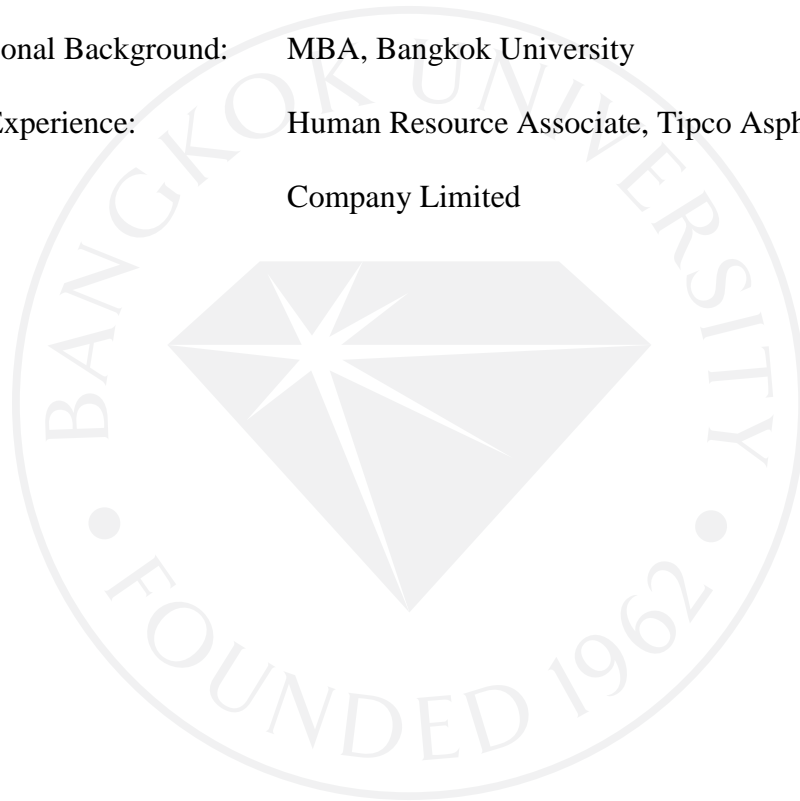
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Day 20 Month January Year 2016

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Program M.B.A Department - School Graduate School

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