

Poverty Alleviation: Corporate Social Responsibility Approaches by Multinational Corporations in Lao PDR and Thailand

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Poverty has long been an endemic problem in developing countries. The role of multinational corporations (MNCs) in fostering or undermining development within poor local communities in developing countries has been a subject of intensive debate within academic and practitioner circles. This paper explores the contribution to poverty alleviation from MNCs in two South East Asian countries, Lao PDR and Thailand, in the form of corporate social responsibility (CSR). The focus of this research is on the nature and types of CSR activities through which MNCs attempt to (1) create social engagement among local actors and, (2) fight poverty and improve living conditions in both locations. The results identify three key themes: (1) economic contribution and poverty alleviation, (2) social development and poverty alleviation, and (3) human rights and poverty alleviation. Data also elucidate both similarities and differences in approaches by MNCs, roles they play in developing countries, patterns of CSR strategies and challenges from the host countries in conducting poverty alleviation activities.

JEL Codes: M16, O19 and M14

1. Introduction

“The poverty of our century is unlike that of any other. It is not, as poverty was before, the result of natural scarcity, but of a set of priorities imposed upon the rest of the world by the rich.”
John Berger

What roles should multinational corporations (MNCs) play in the host countries? How much they can contribute to the local community? To what extent MNCs can improve social conditions such as poverty, environmental degradation, governance and public health in the host countries? These questions are among crucial questions by scholars and practitioners in international business. We need to understand the role of MNCs that go beyond economic contribution. In fact, key agencies in business and development such as the United Nations Global Compact and Asian development bank (ADB) confirm that MNCs can shape the future of global poverty and play an active role in eliminating poverty (ADB, 2010; Rasche and Kell, 2010). At present, the Global Poverty Project (2012) estimated that 1.4 billion people in the world live in extreme poverty. Most of them live in developing countries, the major host-countries for MNCs. Although there are numerous actors in poverty alleviation, and billions of dollars have been spent on this issue, the poor remain poor. Critics of international business argue that the goal of ending poverty is elusive, and those in international

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business seem to oscillate between giddiness and despair, between the excitement of the latest miracle cure and accusations of failure.

It is argued that MNCs often operate in areas of developing countries that are characterized by limited governmental presence, a high incidence of poverty, a lack of basic social infrastructure, and the other social and political problems. Thus, it is axiomatic that MNCs must understand and develop strategies for dealing with such challenges (Peinado-Vara, 2006).

The debate about the need for international business organisations to go beyond their profit motive has been ongoing. Most MNCs identify corporate social responsibility (CSR) as a business tool to promote a positive image to business stakeholders and as a way to improve the quality of life among citizens of the host countries. Carroll (1999) argues that business is expected to align with and respect new (or evolving) ethical norms being institutionalised in society in response to social problems, such as poverty. However, MNCs alone may not be successful in implementing poverty alleviation to the host countries. In fact, local network in the host countries play a crucial role and are an integral part of the overall social responsibility idea (Pimpa et al, 2012). Local network can not only help to confirm the presence of MNCs in the community but also deepen the learning experience of all stakeholders through their own activities and events which promote action in support or broader corporate social responsibility goals and actions (Wood, 1991).

Due to a dearth of knowledge and research studies on how to understand approaches by local network and MNCs operating in different countries, the researcher argues that it is important for MNCs operating in different host countries to understand approaches by formal and informal local network. This project examines the nature and approaches in poverty alleviation by MNCs in two developing countries, Lao People's Democratic Republic (Lao PDR) and Thailand. Both countries are significant in terms of (1) a large number of MNCs operating in both countries, (2) governmental policy on poverty alleviation, and (3) number of people who are vulnerable to poverty and social conditions. Moreover, we have witnessed the rise of CSR activities by MNCs in both countries. However, there is no clear evidence to support a claim that such CSR activities can improve quality of life of the poor in both countries. This paper, thus, examines and identifies key issues on (1) approaches by MNCs in conducting CSR activities to alleviate poverty in the host countries, and (2) management of local network in conducting CSR activities.

The remainder of this paper is organised as follows. The next section provides a brief outline of the literature relating to CSR and MNCs, follow by research method. The results are then outlined and discussed in this paper. Finally, the paper concludes with research implications, limitation and direction for future research.

2. Literature Review

2.1 International Business, Poverty and CSR

There have long been arguments on the centrality of international business and their contributions to society (Friedman, 1970; Henderson, 2005). Corporate responsibility actions by MNCs are questioned by a number of practitioners and scholars in international business (Henderson, 2005). In fact, it is argued from MNCs' perspectives that market forces, competition, regulatory frameworks and scarce

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resources place significant pressure on MNCs to survive and contribute to societal welfare in the form of economic growth (Galbreath, 2010; Rodriguez et al, 2006). Complications in management, however, arise due to factors such as host-home countries' regulations, competition for resources, unfair competition, and environmental impacts. All of these can influence roles of MNCs in the international markets. (Spence, Schmidpeter & Habisch, 2003; Pimpa et al, 2012).

When it comes to poverty, there are various aspects of poverty that are explained by scholars in economics or development. For instance, Sen (1999: 18) defines poverty as 'capability deprivation'. Within this definition the capability approach has enabled the understanding of the multidimensionality of poverty. Since the beginning of the 1990s the capability approach has been instrumental in shaping the United Nations Development Program's Human Development framework, as also noted by Fukuda-Parr (2003) and Fukuda-Parr and Kumar (2003). This has been done, first, by defining development as 'the process of enlarging people's choices' (UNDP, 2008) and, second, through the adoption of the human development indices such as the Human Development Index or Happiness Index, where non-economic indicators—education, gender equality and health are central. In addition, the capability approach underpins the UN Millennium Development Goals (MDGs) for 2015, endorsed by all countries and international institutions.

As pointed out above, the positive impact of MNCs on poverty in developing nations is severely limited by the relatively small numbers that they employ, and nothing within the current CSR agenda encourages them to create more employment than is economically justified. Indeed, it is even possible that the requirements imposed by MNCs regarding the treatment of labour tend to make more labour-intensive production less competitive. Matten and Moon (2008) and Cruz and Pedrozo (2009) have reported that, when it comes to CSR implementation, sustainable development will be more successful by on-going collaborations among key stakeholders in the community. Questions have, however, been raised about the effectiveness and ability of MNCs to constructively align with various local stakeholders to alleviate poverty.

According to Cramer (2006, p.51) some local stakeholders such as the Government or influential family can challenge the relationship among MNCs and other local institutions. For example, legal actions can be taken to people who challenge the power of the government. In some situations, CSR activities can be seen as a threat to the local power if MNCs fail to manage its relationship with the government and other social stakeholders (Cramer, 2006 p. 69). From the academic perspective, only a handful of studies have been conducted to understand the complexities of MNCs and their relationship with key local stakeholders on poverty alleviation (e.g. Van De Vilert, 2003; Karnani, 2010). Previous studies in CSR and sustainable international business focus on three themes (as presented in Table I) and these themes, nonetheless, explained the evolution of CSR activities by MNCs.

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Table 1: CSR Focus by MNCs

Theme	Aspects	Researchers
Corporate goals	Maximising profits for shareholders is not good enough. MNCs need to balance their activities with environmental and social objectives.	Cadbury (1999), Freeman et al (2004), Jamali et al (2007)
Key responsibilities	MNCs should be able to show their commitments to society.	Carroll (2000); Cruz & Pedrozo (2009) ; Matten and Moon (2008)
Stewardship	MNCs are not exclusively private institutions but are inclusively social institutions. They need to act as stewards in society.	Konrad et al (2006), World Bank (2008)

Table 1 confirms that MNCs need to move from corporate-centric to social-centric approach. This is evident by a number of studies in international business. For instance, Ite (2004) and Weyzig (2007) reveal that MNCs' engagement in CSR activities have generally been reactive in developing countries, particularly in East and South East Asia, Africa and South America. These activities are a result of public pressure arising from MNCs' operations related to issues such as health, education, human rights, pollution and workforce (Ite 2004). There is also need for MNCs to work with local stakeholders to achieve trust and altruism among local networks (Tokoro, 2007; Weyzig, 2007).

In countries such as Lao PDR and Thailand, the rise of MNCs is evident since the end of the cold war and during the era of trade liberalisation in South East Asia. Many forms of economic and social contributions from MNCs to the communities in both countries have been reported from the development perspectives, not from academic research. The view of the firm as more than an extension of shareholders is substantiated by legal authority. Most legal actions recognise the top management need to act in the interests of companies and society (Galbreath, 2010).

However, the concept of MNCs' contribution to poverty alleviation in Lao PDR, Thailand and GMS countries is lacking from the literature. With their prominent operations in the region, it is important to understand what roles MNCs do play (in the form of CSR) to fight poverty in the South East Asian region.

3. Research Questions

According to studies in international business and development, current CSR approaches do not warrant claims that CSR gives benefits to the poor and marginalized in developing countries (Lokshin et al, 2001; Peinado-Vara, 2006; Reddy and Camelia, 2007). Having determined the various roles of MNCs in social development and poverty eradication in developing countries, this project aims to identify the types of CSR activities that MNCs engage in in order to improve socio-economic conditions of local populations and alleviate poverty in the host countries. The analysis is guided by the following key questions:

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- What types of CSR activities have MNCs in Lao PDR and rural Thailand implemented in improving the condition of poverty in Lao PDR and Thailand?
- What are the approaches by MNCs in conducting CSR strategies to eradicate poverty in both countries?

4. Methodology

4.1 Research Process

In this study, the researcher adopted an exploratory, interpretive approach to investigate MNCs and the ways they worked with the community in both countries. This research approach is appropriate for the particular study as little is known about whether an institution of CSR exists and the role played by corporations (Jones and Comfort, 2005).

The purposive sample consisted of 12 professional CSR managers and team member responsible for the development and implementation of CSR strategy within their organisations. They participants were selected from three MNCs in south East Asia (two in Thailand and one in Lao PDR). By targeting individuals with this expertise, it was possible to better understand how actors in a significant position to influence CSR within organisations perceive and practise CSR, and by comparing accounts, to determine areas of similarity and difference in the underlying philosophy and supporting structures

4.2 Sample

The researcher sorted companies according to their annual sales and then selected for companies that operated in more than three countries worldwide to ensure their MNC status, were headquartered overseas to control for home country effects, and were publicly trade on the international stock exchange to ensure the best possible availability of public information. Selection companies from key industries such as mining and financial service allowed the researcher to identify professionals in companies large enough to have relatively mature CSR experience and practice. The case samples in this qualitative study refer to a 'selection', not as 'representative' of anything, but as a purposive selection (Strauss and Corbin, 1998; Keats, 2000; Pimpa, 2005). This is deemed an important qualitative sampling method because the researchers planned to collect the data from MNCs that heavily engaged themselves in CSR activities related to poverty alleviation in both countries.

Lao PDR: The researchers selected a former Australian company in Lao PDR based on the variety of their CSR strategies and activities. This MNC is an international mining and exploration company. The company is truly an MNC in its nature, operation and ownership (Company A). 4 participants from a mining company were selected to participate in this study. One of them is the CSR manager who has been working in CSR management for over 20 years. He is British but has been living in Lao PDR for over a decade. Another 3 team members were snowballed and interviewed by the researcher. They are Laotian who have been working in this role since 2005. While the interview with the CSR manager was conducted in English, the interviews with the locals were conducted in Laotian language because the researcher is also fluent in Laotian. The interview scripts were subsequently translated and transcribed in English.

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Thailand: In Thailand, two MNCs were selected because of their ongoing CSR strategies on economic development and poverty eradication in Thailand. The researcher interviewed 4 participants from each company. The first company is a financial and banking organization operating in the region. This organization also operates in Lao PDR (but on a larger scale than its Thai operation). This case was selected due to its strong initiatives in CSR and development in Thailand (Company B). The researcher interviewed 2 CSR manager and 2 program managers from this company. All participants from this company have over 10 years of work experience in CSR and community relation. All interviews were conducted in Thai by the researcher. The second company is a mining company. The organisation has been operating in Northern Thailand for 12 years. (Company C) The researcher interviewed the CSR manager who has been working with the organization for a decade. The key CSR strategies include environmental and social development in the local area. The CSR manager is an Australian expatriate who is familiar with south East Asia, due to his experiences in the region. Another 3 participants from this company include CSR team members who have been working with the company in the last 5 years. All of them are Thai and preferred to have their interviews conducted in Thai language.

4.3 Data Collection

Before each interview, all publically available documents related to their CSR activities were read and analysed to provide additional information about how the company presented itself with regard to its CSR approaches and activities. The researcher focused on company-created documents including their website, company reports, press releases, codes of conduct/ethics, performance indicators, case studies etc. These were used to prepare for interview and to support interview data. Researcher also used information from CSR in this study to design questions for the interview. Each interview last approximately 30 minutes and was conducted face-to-face at the company.

Participants were asked to discuss four broad topics: motivation for engaging CSR, major CSR activities in the local area, poverty alleviation and CSR activities, and relationship with all stakeholders in the project. These broad topics were used to direct the conversation on critical aspects of internal and external influences, tools involved in developing CSR within their organisations, conflicts and opportunities around CSR and how they were addressed, and how this informed their understanding of CSR as an organisation.

Issues of validity and reliability were addressed at the data collection stage by using digital recordings and notes taken directly following each interview that included non-verbal cues or other pertinent information on the interview process itself (Miles and Huberman, 1998).

4.4 Data Analysis

This study has adopted a qualitative data analysis approach from Eisenhardt (1989). In the first step, the researchers carried out a within-case analysis for each case in each country (industry and involvement within the community). The data was collected from various sources and then categorised by key activities implemented in each location. For both locations, the data were analysed independently. From these analyses, specific CSR actions and characteristics of each case emerged, which helped the researchers to identify the MNCs' idiosyncrasies (Eisenhardt, 1989).

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In the second step, the researchers carried out a cross-case analysis. Considering the specific CSR actions and characteristics of each MNC from each country, the researchers identified some general elements to embrace different approaches, styles and challenges identified in the first step. The researchers then identified concepts and themes that could help one to cope with these idiosyncrasies. In this process, literature reviews on CSR and MNCs were also conducted and compared with existing data from the first phase. Themes are extracted and reported in this paper.

The researcher also adopted abstraction (Spiggle, 1994) to analyse the data. Using abstraction, themes were grouped by similarity of ideas allowing movement from concrete to more general and theoretically useful themes. These higher-order themes were then further abstracted (using axial coding) to link categories together hierarchically so that more general themes include relevant sub-themes (Miles and Huberman, 1998). This resulted in fewer higher-order categories and their relevant sub-categories, upon which their dimensions could be identified and analysed.

5. Results

5.1 Economic Contributions and Poverty Alleviation

The discourse of economic contributions by MNCs is an obvious one. All MNCs in this study enable quality of economic development in both Thailand and Lao PDR by promoting fair trade, job creation, foreign direct investment, promotion of free trade among countries, and public-private investment. These activities influence higher standard of economic system in the host countries.

All companies in this study pointed to their contributions in the forms of tax, job creation, local employment and the support to local suppliers. MNCs in both countries recruit local people to work for them. Interestingly, most local people are employed to work in the non-skilled, operational level. All participants, however, raised some concerns about poverty in Lao PDR and Thailand and insisted that, from the economic perspective, they can contribute to poverty alleviation by job creation and skills building for local people in both countries.

“We employ people from different backgrounds to work in the mine and it improves their qualities of living.” (Company A)

“Most people in the villages are employed by us and we promise long-term employment for the members of this community. Our organization introduced some new schemes that support local people to be able to work with us and they now can financially rely upon themselves.” (Company C)

What we learn from the interview is MNCs tend to focus on economic poverty, rather than other aspects of poverty (i.e. health, well-being or rights). The literature on poverty (i.e. Kakwani and Krongkaew, 2006; Alkire and Foster, 2011) confirm that poverty is multidimensional and economic poverty seems to be perceived as the most important matter. Issues on short-term poverty alleviation were mentioned more frequently than long-term strategies. This is similar to what explained in the literature (Tokoro, 2007; Alkire and Foster, 2011). MNCs in this study position themselves as one of the key social institutions in the local community.

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By linking themselves with various social institutions such as schools, village councils, Buddhist temples or women's association in the village, they believe that they can play a significant role in poverty alleviation. They mentioned that linking with local institutions is one of the most effective ways to alleviate poverty. Complex issues of power and relationship among MNCs and different social stakeholders in Lao PDR in the implementation of poverty eradication programs were mentioned in this study. One key informant referred to such complications as the 'nature' of CSR activities in Lao PDR. Dealing with the local administrators and including them in some poverty alleviation projects are important for them. MNCs in Lao PDR understand that they need to manage and maintain their relationships with delegations from the local government and other social stakeholders to ensure the consistency and quality of their CSR activities. They understand that political and technical support from various social institutions (e.g. the municipality office, the Ministry of Internal, schools, or leaders in the village) in the country will promote their CSR activities, and will indirectly promote economic well-being in Lao PDR. Company A insisted that its contribution to poverty alleviation in Lao PDR could be done through its tax contribution and links with local suppliers. These activities are also well supported by the local government and other social groups in Lao PDR.

"In march, this company made a profit tax payment of more than US\$29 million to the government of Lao PDR, the largest such payment ever by the company" (Company A, Bulletin)

"In order to maximise benefits of the mine for local communities, many supplies and services for the mine are sourced from local business groups. There are currently 13 local groups that supply food items and services such as laundry, grounds keeping, housekeeping and on-site bars/shops." (Company A, Bulletin)

Another focus of economic contributions of both MNCs in Thailand is financial support to the local administrators. By providing financial sponsorship to income generation schemes (such as pig farming, micro-financing for women, vocational training or mushroom farm), both MNCs in this study understand that some strategies are short-term while others are long-term and that they can work with the community.

For instance, company A in Lao PDR operates in a remote mountainous part of Savannakhet province, and those most vulnerable to its impacts are small and isolated ethnic *Phou Thai* and Brou-speaking communities who are heavily dependent upon natural forest and water sources for their livelihoods. As part of its strategy to mitigate the land and water impacts of its copper expansion activities on communities, the company has identified the requirement to revitalize the ongoing support to microfinance and financial management assistance for enhanced livelihood/well-being and business development activities to mitigate the social impacts of future mining activities.

Another point that emerged from the interview was the opposition to MNCs in some areas in Thailand. It can be expected that some local communities may question the roles of MNCs, in particular those in natural resources, mining and exploration, and may oppose against some CSR activities from MNCs in the community.

"It determined that the mining industry represents 80% of foreign direct investment, accounts for 45% of total exports, and is responsible for 12% of government revenues and 10% of national income.." (Company A)

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Table 2: Economic development and poverty alleviation by MNCs

Economic Contributions for Poverty Alleviation	Lao PDR	Thailand
Approaches	<ul style="list-style-type: none"> - MNCs collaborate with the government. - Job creation and employment, tax and preference for local suppliers, micro-financing. 	<ul style="list-style-type: none"> - MNCs collaborate with local community. - Job creation and employment, skills development, micro-financing.
Roles	<ul style="list-style-type: none"> - MNCs can be active and work in either leading or supporting roles with the government. 	<ul style="list-style-type: none"> - MNCs can be leader, mediator or facilitators in economic contribution.
Partners	<ul style="list-style-type: none"> - Local government and other formal and informal social institutions. Involving people from different ethnic groups and backgrounds. 	<ul style="list-style-type: none"> - Local government, formal institutions in the community.
Challenges	<ul style="list-style-type: none"> - Multiculturalism and diversity in language. - Poverty and inequity. 	<ul style="list-style-type: none"> - Dealing with informal social institutions in the community. - Local perceptions towards MNCs

The key points in economic contributions for poverty alleviation from MNCs in Lao PDR and Thailand are summarised in Table 2.

5.2 Social Development and Poverty Alleviation

Social development is a significant issue for all MNCs in both countries. They identify ‘social development’ as the long-term strategy to fight poverty in the local community. All MNCs in this study indicated that the most important aspect of their operations in the host countries is to be accepted and approved by members of local society. To achieve this aspect, they need to work with the community on sustainable community development.

Their contributions in the form of social development are presented in various forms and strategies. MNCs in this study identified the relationship between their business operations and social development as a way to improve ‘living conditions’ and ‘well-being’ among local people. One CSR manager in Lao PDR cited:

“Our operations add significant value through indirect employment, capacity building for governments and investments in community development initiatives and programs. The benefits of our investments include improvements in infrastructure, health, safety awareness, education and training for locals, and local business development.”
(Company A, Lao PDR)

Participating MNCs in Thailand confirmed that they financially contribute to various forms of social development activities. One point which appears from the interview with the delegate from company C is that the wealth being generated should also be used for community development. Seemingly, MNCs in Thailand are aware of their position as ‘the outsider’ in the local community and need to actively engage in some social activities to improve poverty conditions in Thailand. This is to re-confirm their

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position in the community. Unlike the case of the MNC in Lao PDR, the participating MNCs in Thailand target activities broadly supportive of the United Nations Millennium Project goals. The specific goals for education, health and water supply are the main areas where MNCs in this study make a direct contribution. This may be because of the specific needs of the local community in Thailand.

“We are located in a region relatively infertile, for Thailand, in which the modest farming community has few other employment opportunities. Our operation offers an alternative employment resource, with approximately 80% of the workforce sourced from local villages, helping reduce migration to urban areas. We also provide water for farmers and drinkable water to the community” (Company C)

Education provision is among the most cited strategy by all MNCs in both countries. All key informants in this study stated that good education could the poverty situation in both countries. MNCs in this study also referred both short and long-term strategies in the improvement of local education and poverty conditions. In Lao PDR, for instance, the company focuses on technical and vocational skills. They mentioned some ideas to promote technical skills training for the local villagers. Those who pass the train will subsequently become workers or technicians for the company. This point is perceived as a short-term strategy because it will only help the villagers to earn a living from the company.

“We work with an Australian University to provide free vocational training to our staff. The participants will receive the qualification in one of seven trades - carpentry, fabrication, refrigeration, mechanics, electrics, automotive or instrumentation – following four years of studies and at least one year of on-the-job training at the mine.” (Company A)

However, the operation on finite resources will end. The company, thus, mentioned some long-term education development such as working with Laotian Ministry of Education to towards the improvement of information technology in the classroom, integrating local people from different ethnic groups by way of education, providing scholarships to students who will become trainers or educators.

“Mon and Khmer ethnic groups do not speak Lao as their first language, and often have fewer educational opportunities as a result, which in turns limits their employment options. Our company establishes a program to develop their business administration skills so that they can be employed in non-mining related jobs.”(Company A)

“We provide up to 10 scholarships for our Thai staff or their families to pursue university degrees. We also transform some part of our factory to be a learning centre and we invite local children to learn about science and chemistry with us” (Company C)

In the context of social development and poverty, all MNCs in this study indicated their CSR practices on poverty eradication as ‘open’, ‘sharing’, ‘mutual respect’, ‘active partnership’ and ‘long-term’ commitment to the community. Most of the partners include key persons from the community in Lao PDR and Thailand to be part of the plan to fight poverty. Examples of key persons in the community who can support CSR strategies for social development (and poverty alleviation) are head of the village, key persons from the municipality council, school principals and teachers, Buddhist monks

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and head of women group. Some of these activities are not dissimilar from what reported in the previous studies (i.e. Rodriguez et al, 2006; Ragodoo, 2009; Cruz and Pedrozo, 2009). Table 3 summarises key features of CSR in social development aspects and poverty alleviation in both countries.

Table 3: Social development and poverty alleviation by MNCs

Social Development and Poverty Alleviation	Lao PDR	Thailand
Approaches	<ul style="list-style-type: none"> - MNCs collaborate with the community and local institutions. - Basic education development, health, water supply, cultural heritage. 	<ul style="list-style-type: none"> - MNCs collaborate with the community and local institutions. - Vocational education development, training and skill building, health.
Roles	<ul style="list-style-type: none"> - MNCs can be active and lead the community. 	<ul style="list-style-type: none"> - MNCs can be either leader or facilitator in social development. Need support from the locals to address poverty issue.
Partners	<ul style="list-style-type: none"> - Local government and informal social institutions. 	Local government, formal institutions in the community.
Challenges	<ul style="list-style-type: none"> - Different communities require different foci in social development and poverty alleviation. 	<ul style="list-style-type: none"> - Dealing with informal social institutions in the community. - Political instability may affect the policy.

5.3 Human Rights and Poverty Alleviation

The third theme emerging from MNCs in Lao PDR and Thailand is the relationship between human rights and poverty alleviation. When discussing the human rights issue, MNCs in this study referred to poverty as the absence or inadequate realization of certain basic freedoms, such as the freedoms to avoid hunger, disease, and illiteracy. Freedom here is conceived in a broad sense, to encompass both positive and negative freedoms. The manager of an MNC in Thailand stated that:

“A person’s freedom to live a healthy life is contingent both on the requirement that no one obstructs his/her legitimate pursuit of good health – negative freedom, and also on the society’s success in creating an enabling environment in which one can actually achieve good health – positive freedom.” (Company B).

All MNCs in this study denote poverty as an extreme form of deprivation; only those capability failures would count as poverty that is deemed to be basic in some order of priority. All MNCs understand that the violation of human rights can affect the community to thrive and grow. According to MNCs in both countries, some villagers are not aware of their rights to be served by the local government and access to basic needs. Different communities may have different orders of priority and hence a different listing of what would qualify as ‘basic’ capabilities. To that extent, there is some degree of relativity in the concept of relationship between human rights and poverty in the eyes of MNCs in Lao PDR and Thailand.

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“As outlined in our sustainability policy, it is our objective to ensure that the communities in which we operate receive real benefit from our activities and we strive to build trusting relationships by engaging clearly, openly and honestly with our host communities and other key stakeholders.” (Company A)

There are various aspects of human rights that MNCs raise in organisational strategies. Most of them are related to their sustainability management systems. They also cover the rights of their employees and their families, and mention the rights of other stakeholders such as local suppliers and contractors. For instance,

“Through our sustainability policy, we are committed to understanding, upholding and promoting fundamental human rights within our sphere of influence, respecting traditional rights and cultural heritage. As part of our sustainability management system, we have a standard on human rights awareness, which requires that all managed facilities must have processes for raising human rights awareness, including identification of human rights issues and impacts on their families.” (Company B)

All key informants agreed that a human rights approach to poverty requires the ‘active’ and ‘informed participation’ of the poor in the formulation, implementation, and monitoring of a poverty eradication strategy. An MNC in Thailand mentioned that:

“The right to participation is a crucial and complex human right that is linked to fundamental democratic principles.” (Company B)

The concepts of human rights and poverty among MNCs in Lao PDR and Thailand are quite similar in their approaches. However, the focus on ‘rights’ differ among MNCs located in both countries. MNCs in Lao PDR may need to focus on the promotion of understanding on basic human rights and injecting some activities that create ‘equity’ among members of community. It can be seen from the number and types of CSR activities on human rights that MNC in Lao PDR can play more active role in the community than their counterparts in Thailand. This can be assumed that expectations from the informal institutions in Lao PDR are greater than those in Thailand. Farmers in Lao PDR, for instance, may expect an MNC to support their daily agricultural activities from the beginning to the end of the process. This point is also similar to previous studies in this area (UNDP, 2008; Alkire and Foster, 2011). Table 4 summarises key points regarding human rights and poverty alleviation.

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Table 4: Human rights and poverty alleviation by MNCs

Human Rights and Poverty Alleviation	Lao PDR	Thailand
Approaches	<ul style="list-style-type: none"> - MNCs collaborate with staff and their families and local institutions. - Access to basic education and literacy, healthcare, and understanding of equity. 	<ul style="list-style-type: none"> - MNCs collaborate with the community and local institutions. - Access to basic education, finance, healthcare, and governing system.
Roles	<ul style="list-style-type: none"> - MNCs can be active and lead the community. 	<ul style="list-style-type: none"> - MNCs can be either leader or facilitator in social development. Need support from the locals to address poverty issue.
Partners	<ul style="list-style-type: none"> - Local government 	<ul style="list-style-type: none"> - Local government, formal social institutions.
Challenges	<ul style="list-style-type: none"> - How to encourage local participation? - How to promote the concept of equity? 	<ul style="list-style-type: none"> - Dealing with informal social institutions in the community. - Sustainability of human rights promotion and poverty.

6. Research Implications

The complication of poverty reduction strategies by MNCs is evident in this study. MNCs are not the only social institutions promoting the concept of poverty alleviation. In fact, one point emerging from this study is MNCs alone will not be successful in implementing CSR strategies for poverty alleviation. The comparisons of 4 key aspects (approaches, roles, patterns and challenges) in the process of CSR implementation by MNCs in developing countries such as Lao PDR and Thailand confirm that MNCs must closely collaborate with all key stakeholders. More importantly, in order to achieve the objective of key CSR strategies, MNCs must not take the power of local socio-cultural contexts for granted. Figure I summarises the theoretical concept of accountability in the implementation of CSR strategies to alleviate poverty in the host nations.

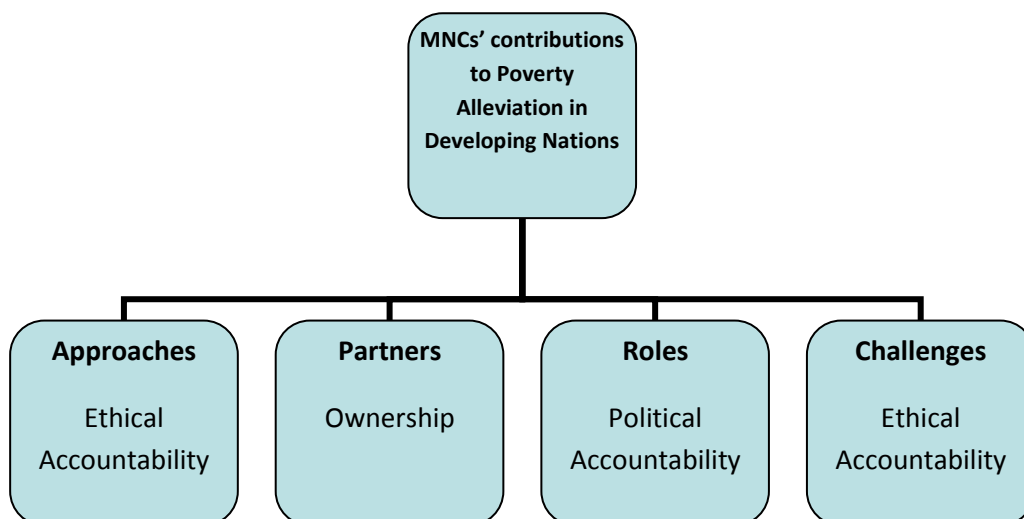
The approaches adopted by MNCs in three aspects of poverty alleviation in the host countries (economic, social and human rights development) require clear actions of ethical accountability. MNCs aim to improve both the living standards of individuals as well as the quality of work by local institutions involved in the process of poverty alleviation. The principal of being ethical must be addressed to all stakeholders at all levels. The key distinction among the practices of MNCs in Lao PDR and Thailand is 'with whom' to confirm such important concepts. Local governments in both countries may require MNCs to follow standard rules of business practice. It is, however, important for MNCs to express their 'sincerity' and 'determination' to respond to different needs in different locations. In both countries, the concept of '*Jai*' (heart and true feeling) is important in almost all aspects of life. MNCs need to confirm that they uphold *Jai* and share with all stakeholders in implementing their CSR strategies.

Failure to promote organisational ethics may pose some threats to the MNCs operating in the host countries. MNCs are in the complicated situation, due to their

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profit focus. The neo-classical view of MNCs may impede their ethical ground and accountability. Examples from Lao PDR show that dealing with issues such as inequity among people from diverse backgrounds in the operation of MNCs, or preparing local villagers to be self-reliance when MNCs withdraw their business in the future, requires a strong level of ethical accountability. While mechanisms to enhance domestic ownership have played a pivotal role in the design of CSR strategies to alleviate poverty, key partners can pose some challenges to MNCs. As mentioned, accountability requires all stakeholders to consider themselves responsible and willing to carry out the missions. The principal needs to be interested in the tasks and demand that stakeholders carry them out. Creating the sense of ownership is the key for MNCs to be successful in implementing their CSR strategies on poverty alleviation. As mentioned, key partners in promoting CSR strategies include formal and informal institutions in both countries. Civil society participation is significant but can be more variable, depending on the extent to which participation has been institutionalised, as well as on host countries' political and social structure. MNCs need to encourage formal and informal institutions to participate and feel their ownership of their involvement in poverty alleviation. Figure 1 identifies MNCs accountability and CSR strategies on poverty alleviation in both countries.

Figure 1: MNCs Accountability and CSR Strategies on Poverty Alleviation



7. Summary and Conclusions

The key findings from this study confirm that there are various forms and levels of MNCs social responsibilities in Thailand and Lao PDR that attempt to alleviate poverty. Having identified CSR issues as global and local in nature, MNCs in this study started from the identification of key issues in the host countries. As CSR requires long-term collaboration from various stakeholders, MNCs in both countries invested in financial and technical support to build relationships with key local stakeholders, such as local government, community and religious leaders as well as educational and training institutions. This study also confirms that most CSR strategies require time to establish and continue. To understand ways of working with the community in host countries, this study included people from Thai and Laotian communities reflecting upon their needs to the organizations.

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In this study, the relationships between poverty and business responsibilities have been reported by the participants from MNCs operating in 2 South East Asian nations. Almost all CSR activities have been created and implemented to improve the quality of life of the local community. MNCs stress country-specific CSR over generic CSR strategies. In Lao PDR, where poverty is a common problem among people in rural areas and landless farmers, MNCs seem to focus their contribution to facility development, educational development, job creation and employment for rural dwellers. In Thailand, where poverty is not an obvious problem, MNCs aim for preventive strategies, such as skill development for young locals, sustainable development, political participation among local community, MNCs and government.

A key finding from MNCs in Lao PDR and Thailand suggests avenues for research in CSR and social development theory. What is missing in this study is the role of other key stakeholders in both countries. Previous studies (Ragodoo, 2009; Jamali and Mirshak, 2010) confirmed that the local government and local community leaders can play an important role in working with MNCs in identifying problems related to poverty in the area, aligning people in the community with MNCs and supporting the legislation and technical issues that support the poverty eradication process.

Findings from this study also support points from previous studies (Cragg, 2000; Hinson and Ndhlovu, 2011) that MNCs have changed from generating wealth for shareholders and other regulatory bodies to sharing of responsibilities for human rights and other ethical responsibilities. MNCs can control and influence the quality of life of shareholders, employees, societies in which they operate and regulatory bodies that ensure their compliance to standards (Evuleocha, 2005). A single corporate decision can change the life of stakeholders permanently (Hinson and Ndhlovu, 2011). Furthermore, several factors have recently been attributed to unsustainable and disengagement practices between Mining MNCs, local communities, NGOs and local government agencies. The failure to utilize untapped local skills (mostly women) towards entrepreneurial initiatives to create new business ventures. The failure to engage with primary stakeholders, and existing unstable and weak national institutions governance system among developing nations can lead to long-term poverty and gender-based problem (Pederson, 2009; Kolk and Tulder, 2006). Occasional interaction with the local communities and stakeholders, persistent reliance on NGOs, and considerable autonomy by mining MNCs on the allocation and decision-making of various social projects in developing countries have led to the failure to identify committed partners, engage them in authentic dialogue, and learn from each other (Maignan and Ferrell, 2001; Lantos, 2001; Perrini et al, 2007). Several poverty alleviation programs conducted by multilateral agencies, NGOs and MNCs have degenerated into global 'charity' rather than serving to build local and sustainable community entrepreneurship development and fail to support long-term development among groups such as women, minorities or different religious groups (Bovens, 1998; Alkire and Foster, 2011).

The three themes that are reported in this study share two things in common. MNCs in Lao PDR and Thailand need to align with formal and informal social institutions in the community to ensure the quality of their CSR programs (and their effects on poverty alleviation). The roles of head of village, school principals and Buddhist monks are evident in the implementation of poverty alleviation activities in both countries. More importantly, MNCs must understand that roles in the community are varied. Their CSR activities need to response to the needs and problems of the community. CSR policies that are directly transferred from the headquarters to fight poverty in Lao PDR and Thailand will never be successful, from both cultural and managerial perspectives.

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Finally, this research contributes to both the mainstream and critical CSR literature. By bringing together existing contributions to demonstrate an institution of CSR, and providing empirical evidence of CSR strategies by MNCs, it provides solid evidence of the existence of an institution of CSR., and how it is practices by some of its influential players. Last but not least, the critical perspectives of MNCs and poverty alleviation in developing nations require further discussions. This study has confirmed that MNCs can improve the condition of poverty in the host countries, if they fully engage with local stakeholders in various circumstances.

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