Role of Corporate Social Responsibility in Strategic Management in Cambodia

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Abstract

Purpose: The study sought to analyze the role of corporate social responsibility in strategic management in Cambodia

Methodology: The research was conducted entirely on desktop review method. Secondary data, or data that doesn't require actual observation in the field, are the focus of desk research. Because it requires little more than an executive's time, telephone rates, and directories, desk research is generally seen as a low-cost strategy in comparison to field research. As a result, the research used data that had already been collected and reported. This secondary data was readily available via the internet's digital library and scholarly articles.

Findings: The results show that corporate social responsibility is an important part of the strategic management process and can be used to create value for stakeholders and create competitive advantage. Companies build trust and reputation and create positive relationships with customers, suppliers and investors. It is clear, therefore, that CSR plays an important role in the strategic management process and is essential for business success. CSR is an increasingly important concept in strategic management in Cambodia. There are a number of initiatives that businesses operating in the country can undertake to ensure that their operations are socially responsible and beneficial to the environment.

Unique Contribution to Theory, Practice and Policy: Future research in strategic management may be grounded in theories like stakeholder theory and legitimacy theory. Policymakers, researchers, and academics from all across the world will all stand to gain from this study's findings. The findings of the study will also be used by the country's top strategic management executives to boost the effectiveness of their organizations' programs and initiatives related to corporate social responsibility. According to the findings, the corporate governance sector would benefit from adopting strategic management strategies that have been shown to increase the effectiveness of key operations and activities.

Keywords: *Corporate Social Responsibility, Strategic Management, Cambodia*

INTRODUCTION

Corporate Social Responsibility (CSR) is a concept that has only recently become part of the mainstream business landscape. It is a term that refers to a company's commitment to operate ethically and with consideration for the environment and society as a whole. It is a concept that seeks to address the negative side effects of doing business, such as environmental degradation and social inequality, by actively seeking to create positive change (Hahn,2013). CSR is a broad concept that encompasses a wide range of activities, including environmental sustainability, ethical business practices, and corporate philanthropy. The concept of CSR emerged in the 1960s as a response to public concerns about the negative impacts of business operations on society and the environment. Since then, it has become an increasingly important part of the business landscape, as companies strive to demonstrate their ethical and responsible behaviour (Flammer,2018). The concept of CSR has become increasingly important in the field of strategic management, as companies seek to align their operations with their values and stakeholders' interests. CSR is a key component of the modern business landscape and is an important factor in the strategic management process (Tonysheva, 2016). CSR is a tool that can be used to create value for stakeholders by improving customer relationships, building trust and reputation, and creating competitive advantage.

It is used to create value for the company by increasing efficiency, reducing costs, and improving employee morale. CSR can also be used to create competitive advantage. Companies that demonstrate a commitment to responsible behaviour are often seen as more attractive to customers and investors, which can lead to an increased market share and higher profits (Köseoglu,2021). Corporate social responsibility (CSR) has become an increasingly important concept in strategic management in recent years. CSR is a concept that encourages organizations to be socially responsible in their operations and policies, and to take into consideration the social and environmental impacts of their decisions. Cambodia is an increasingly popular destination for businesses, and organizations operating in the country have a responsibility to ensure that their operations and policies are socially responsible and beneficial to the society as a whole. (Hubbard, 2017). There are numerous benefits of CSR to both businesses and society as a whole. The role of CSR in strategic management in Cambodia is becoming increasingly important as the country continues to develop and attract more businesses. There are a number of initiatives that businesses operating in the country can undertake to ensure that their operations are socially responsible and beneficial to the environment.

Statement of the Problem

The Cambodian government is seeking to transition from an economy based on subsistence agriculture to a more diversified, export-oriented economy. Ultimately, the goal of this study is to develop a better understanding of the role of CSR in strategic management in Cambodia. This includes understanding how CSR initiatives are currently being implemented, and how they can be better integrated into the strategic planning process. This paper will discuss the role of CSR in strategic management in Cambodia and why it is a problem. In Cambodia, corporate social responsibility (CSR) is increasingly being used as an important tool in strategic management. CSR is seen as a way for organizations to demonstrate their commitment to ethical and responsible

practices, and to build a positive reputation in the corporate world. CSR in Cambodia, organizations are increasingly using CSR to strengthen their relationships with stakeholders and to create a positive image in the market. The use of CSR can also help organizations to differentiate themselves from their competitors and to gain a competitive edge. Furthermore, by using CSR in strategic management, organizations can create a culture of responsibility and sustainability in their operations. This is important for organizations as it helps to build trust with their stakeholders and to demonstrate their commitment to responsible business practices.

CSR is used to create positive relationships with local communities. Organizations can use CSR to support local projects and initiatives, and to develop a positive relationship with the local community. This can help organizations to build a positive reputation in the local community and to demonstrate their commitment to social and environmental responsibility. Apart from the benefits of CSR in strategic management, organizations in Cambodia are also faced with certain challenges. Firstly, there is a lack of understanding among organizations of the concept of CSR and the potential benefits it can bring. Many organizations are not aware of the importance of CSR or how to incorporate it into their strategic management process. Furthermore, there is a lack of resources and capacity for organizations to effectively implement CSR. There is a need for organizations to develop the necessary capacity and resources to effectively manage CSR. This includes developing a CSR strategy, setting up a CSR team and engaging with stakeholders.

Theoretical Review

This study will benefit from the Stakeholder theory which was proposed by Dr. F. Edward Freeman (1984) and legitimacy theory by Dowling and Pfeiffer (1975).

The Stakeholder Theory

The stakeholder theory is one of the most widely accepted theories used to explain the role of corporate social responsibility in strategic management. According to the stakeholder theory, a company should consider the interests of all its stakeholders, including shareholders, employees, customers, suppliers, communities and other stakeholders, when making decisions (Jones,2017). The theory argues that companies should take into account the interests of all stakeholders when making decisions, as these stakeholders can have a direct impact on a company's success or failure. The theory also suggests that companies should strive to create value for all stakeholders, as this will lead to long-term sustainability and success.

The Legitimacy Theory

This theory argues that companies should strive to create an image of being a good corporate citizen. The theory suggests that companies should engage in corporate social responsibility activities in order to build trust among stakeholders and to create an image of being a responsible organization (Fernando, 2014). Companies should also be transparent in their activities, as this will help to build legitimacy and trust among stakeholders.

Empirical Review

Karimi (2021) analyzed the impact of strategic management methods at National Hospital Insurance Fund performance in Nairobi City County, Kenya. Both primary and secondary sources

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were used to compile this information. The majority of the primary information came from carefully designed, closed-ended surveys. The questionnaires were either self-administered or administered using a drop-and-pick system. The results showed that research variables had a substantial impact on National Hospital Insurance Fund outcomes. The modified coefficient of determination was 0.734, or 73.4%.

Victor (2021) determined how executives from Vietnamese businesses and NGOs felt about CSR initiatives and priorities. A total of 186 Vietnamese businesses were surveyed online to compile this quantitative data. The research showed that multinational corporations' Vietnamese subsidiaries have more financial and human resources to devote to CSR and sustainability projects.

Njoroge (2020) looked on the factors that affect CSR initiatives in Kenyan commercial banks. The study used a cross-sectional, descriptive survey approach because it is most suited to methodically identifying existing practices, conditions, and views at a given moment. This research found that CSR efforts in the face of climate change were enhanced by both organizational context and stakeholder involvement. Commercial Bank's corporate affairs managers and CSR officers need to create policies on the physical environment and stakeholder participation in order for CSR initiatives to increase the bank's competitive advantage.

Jawad (2020) investigated the total quality management (TQM) and corporate green performance (CGP). The data came from interviews with the heads of major and moderately important Pakistani factories. The structural analysis showed that TQM has a significant, positive effect on CGP (= 0.259, p = 0.003). The results showed that TQM considerably improved the company's ability to meet its green performance targets. There was a positive and statistically significant relationship between TQM and CSR (r=0.271, p=0.002), and a positive and statistically significant relationship between CSR and CGP (r=0.289, p=0.018).

Koet (2019) examined the connection between corporate social responsibility (CSR) of players and such voluntary networking behavior in Cambodia. This study employed social network analysis to quantitatively characterize the features of networking behavior in the collaborative activities that underpin three important environmental issues: waste management, energy usage, and water contamination. Governments were found to play a crucial role across a variety of environmental issues in voluntary environmental partnerships, while non-state actors were shown to be increasingly responsible for implementing the collaborations' real goals and objectives. Furthermore, CSR has been found to have positive associations with networking and brokerage roles; this study thus indicates the efficacy of numerous voluntary policy instruments.

Heiu (2019) looked at MNCs in Vietnam from the perspective of corporate social responsibility (CSR), specifically how MNCs approach CSR in terms of opportunities and innovations. Eighteen in-depth interviews were conducted with managers and business leaders from the four case companies. New commercial prospects and innovations in product, process, idea, and management methods were found to be fostered by the companies' CSR initiatives.

Isaac (2018) contrasted Western perspectives on the social economy with local reality and argues against the prevalence of ethnocentric epistemologies in the discourse of social business and social entrepreneurship in the field of international development. The opinions of people involved in

social businesses in northern Cambodia were investigated using qualitative data. In each example, we conducted semi-structured interviews and a group discussion. The research showed that Western development organizations' logic didn't always account for the crucial roles social enterprises played in fostering change in rural communities.

Caroline (2018) looked into the hypothesis that companies with a strong commitment to CSR are better able to compete for public sector contracts. A quasi-natural experiment design was implemented to collect data on the exogenous variation in enterprises' social engagement. The study found that businesses with higher CSR scores were awarded more contracts. CSR helps alleviate information asymmetries by communicating trustworthiness, and this effect is especially pronounced for more complex contracts and in the early stages of the government-company interaction.

Maimuna (2015) investigated participants' perceptions of the impact of a CSR program on community development in Malaysia. 58 local and multinational firms were sampled to collect data from 336 CSR program participants. About half of those who answered the survey were classified as young, with a mean age of only 24.40 years. Most of the CSR-engaged businesses began their CSR initiatives in the early 2000s, and they operated in a wide variety of industries. According to the results, people place a higher value on legal accountability than they do on ethical responsibility. The most common form of CSR involvement involved educational initiatives.

Kirui (2014) established the Kenya Red Cross Society Limited's strategic management procedures. Seven executives were interviewed to get the primary data. Reports, articles, and publications from within the organization were mined for secondary data. Content analysis was used to examine the collected data and draw conclusions for the study. There was evidence of environmental scanning, strategic planning, objective setting, and monitoring strategy implementation, and the findings acknowledged the organization's vision, mission, core values, and strategic pillars.

Karanja (2014) investigated the corporate security issues faced by five-star hotels in Nairobi, Kenya, and the degree to which corporate security is integrated into the strategic management process. Data from 15 five-star hotels in Nairobi was collected using standardized questionnaires for this descriptive study. The manager of corporate security was a member of the executive committee, but he was not involved in making decisions, and corporate security was not treated as a separate division when allocating funds.

Omwenga (2013) investigated how the Kenya Power and Lighting Company's management views CSR. The questionnaires used in this study were part of a descriptive analysis. A structured questionnaire was used to compile the data. Researchers discovered that most business leaders viewed CSR declarations in a favorable light. The research also found that Kenya Power's participation in Corporate Social Responsibility improved the company's reputation and contributed to the company's competitive advantage.

METHODOLOGY

The study adopted a desktop methodology. Desk research refers to secondary data or that which can be collected without fieldwork. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research,

as the main cost is involved in executive's time, telephone charges and directories. Thus, the study relied on already published studies, reports and statistics. This secondary data was easily accessed through the online journals and library

RESULTS

The results were grouped into various research gap categories namely as conceptual, methodological and geographical gap.

Conceptual Gaps

Studies by Karimi and Victor (2021), Njoroge and Jawad (2020), Koet and Heiu (2019), Isaac and Caroline (2018), Maimuna (2015), Kirui and Karanja (2014) and Omwenga (2013) had conceptual framework gap in addition, all the mentioned studies did not establish the challenges of corporate social responsibility in strategic management. The studies did not outline the challenges in a clear manner. Therefore, the current study seeks to address these conceptual gaps

Geographical Gap

Studies by Karimi and Victor (2021), Njoroge and Jawad (2020), Heiu (2019), Caroline (2018), Maimuna (2015), Kirui and Karanja (2014) and Omwenga (2013) had geographical gap because they were not conducted in Cambodia. This implies that the results may be inapplicable in Cambodia since the social economic environment of Cambodia and other countries differ. The current study seeks to address this gap.

Methodological Gap

A methodological gap presents itself in this study, Karanja (2014) investigated the corporate security issues faced by five-star hotels in Nairobi, Kenya, and the degree to which corporate security is integrated into the strategic management process. Data from 15 five-star hotels in Nairobi was collected using standardized questionnaires to analyze data while our study will use a desk study literature review methodology.

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Corporate social responsivity is an increasingly important concept in strategic management in Cambodia. In conclusion, CSR is an important tool in strategic management in Cambodia. It is seen as a way for organizations to demonstrate their commitment to ethical and responsible practices and to build a positive reputation in the corporate world. Despite the potential benefits of CSR in strategic management, there are several challenges faced by organizations in Cambodia when it comes to integrating CSR into their strategic management process. These include a lack of understanding of the concept of CSR, a lack of resources and capacity for organizations to effectively implement CSR, a lack of a legal and regulatory framework for CSR, and a lack of monitoring and evaluation of CSR initiatives. These challenges need to be addressed in order for CSR to become an effective tool in strategic management in Cambodia**.**

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Recommendations

The development of CSR in Cambodia has been slow due to a number of factors. Firstly, there is an absence of legal and regulatory framework to incentivize and promote CSR, which is seen as a key obstacle to its adoption. Secondly, there is a lack of understanding among companies regarding the importance of CSR. Many companies do not see the need to invest in CSR initiatives, as they view it as an additional cost that does not benefit the company directly. In order to promote the adoption of CSR in Cambodia, a number of recommendations should be put forward Such as, establishing a legal and regulatory framework: The government should put in place a legal and regulatory framework that incentivizes and promotes the adoption of CSR. This can include the introduction of a CSR law that requires companies to invest a certain percentage of their profits in CSR initiatives, or providing tax breaks for companies that invest in CSR. The government should develop education and training programs to increase awareness of the importance of CSR among companies. This can include seminars and workshops that explain the benefits of CSR, as well as providing guidance on how to implement CSR initiatives and lastly the government should establish an independent CSR body to monitor and evaluate the progress of CSR initiatives in Cambodia.

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