Corporate Social Responsibility and Corporate Financial Performance: Evidence SET Index

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ABSTRACT

This paper studies the empirical relationships among executive long-term vision, corporate governance leadership, organizational experience, corporate social responsibility, and corporate financial performance. The data were collected by using a questionnaire from 285 firms listed in The Stock Exchange of Thailand (SET). The hypothesized relationships among variables are examined by using ordinary least square (OLS) regression analysis. The results indicate that executive long-term vision and corporate governance leadership have a significant positive effect on corporate social responsibility. Corporate social responsibility has a significant positive effect on corporate financial performance. However, executive long-term vision and corporate governance leadership have a not significant positive effect on corporate social responsibility via the moderating effect of organizational experience. This study might be useful to scholars and those who share an interest in the subject. Moreover, theoretical and managerial contributions, conclusion, and suggestions for future research are also interesting to be discussed.

Keywords: Corporate Social Responsibility (CSR), Corporate Financial Performance (CFP), Executive Long Term Vision (ELT), Corporate Governance Leadership (CGL), and Organizational Experience (OE)

1. INTRODUCTION

The managerial and monetary effects of corporate social responsibility (CSR) have recently become of interest to researchers affiliated with several business administrations. Consistent with McWilliams and Siegel (2001), CSR can be outlined as the behaviour of a firm of which the intended outcome is to create the promotion of a degree of social fortune. The immediate benefits to shareholders, as well as legal requirements can be surpassed with CSR behaviour. Furthermore, the CSR actions of companies can be said to go beyond the agreement of some environmental or social regulations, these actions can highlight the aim of CSR in creating the idea or actuality that the company is moving forward towards a social ambition. For corporations, when displaying CSR behaviour, relationships with multiple stakeholders can be improved and enhanced. Thus, CSR actions should be highlighted, along with some productive relationship management in order to satiate stakeholders' expectancies and reach the intended aims of the initial CSR drive (Clarke, 2000; Podnar,

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2008). In addition to this, it is not only the monetary value of a company, but the collective value which includes economical, societial, and environmental factors that are indicators of the achievements of an organization. Thus, corporate social responsibility when implemented as a constructive plan, can make a positive impact when considering the long term achievements of a company (Korka, 2005; Perry and Towers, 2009).

Recently, the outburst of corporate social responsibility can be said to create realistic international concepts, thus it is regularly incorporated into organizational strategies. The empiric studies suggest that corporate social responsibility has a positive impact on company competitiveness, in terms of CSR can enhancing both short and long-term goals. In addition to this, coupled with an enhancement of monetary performance, when CSR actions are displayed, investors within the community display positive reactions and interest (Mahoney and Roberts, 2007). Businesses should not view CSR as a cause of their low achievements. On the contrary, CSR and corporate financial performance (CFP) are very much linked, displaying a positive collaborative and supportive relationship. CSR behaviour is more easily performed when the financial outcome of a company is positive. In turn this would further improve their financial outcomes. The ethical environment of a firm, and job satisfaction of its employees are also strongly linked in a positive fashion (Sims & Keon, 1997; Viswesvaran & Ones, 2002). Job satisfaction and low employee turnover can be a secondary result of a positive CSR reputation; this result can come from positive responses from outside communities, such as relatives and acquaintances (Riordan, Gatewood, & Bill, 1997).

CSR stems from the stakeholder theory (Carroll, 1991; Freeman, 1984). The stakeholder theory proposes that the employees of a firms understanding, competence and motivation are just as important factors towards its long term progression as its affiliations with investors, customer base and additional stakeholders (Wheeler & Sillanpää, 1997). Employees are very important stakeholders to whom the company can be said to owe a recognition of, which signifies that they have an influence, and the authority to make any required changes to the firm (Greenwood, 2007). However, most existing research on CSR investigates consumer perception (e.g., Kim & Park, 2009; Lee & Jackson, 2010; Lee, Park, & Pae, 2008). This study fills the gap by focusing on employee perceptions of CSR activities.

People want to work for companies that are perceived as respectable within their communities (Riordan et al., 1997; Sims & Keon, 1997; Viswesvaran & Ones, 2002). Workers who have a positive perception of an organization's CSR, tend also to have assured ideas about the firm in other areas, such as the integrity and leadership of management, and how competitive the organization is in the marketplace.

The aim of this paper is to explore the relationship amongst executive long-term vision, corporate governance leadership, organizational experience, corporate social responsibility, and corporate financial performance. The leading research question is how executive long-term vision, corporate governance leadership and organizational experience are related to corporate social responsibility and corporate financial performance. In addition to this, in order to expose the relationship, three particular research questions are outlined as follows: (1) How does executive long-term vision have an effect on corporate social responsibility via the moderating effect of organizational experience? (2) How does corporate governance leadership have an effect on corporate social responsibility via the moderating effect of organizational experience? (3) How does corporate social responsibility have an effect on corporate financial performance?

The remainder of this study will be contextualized as follows. First, the existing literature is concisely examined with regards to executive long-term vision, corporate

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governance leadership, organizational experience, corporate social responsibility, and corporate financial performance. Following this, the key research hypotheses have been highlighted. Second, the method of research has been divided into three separate categories; data collection, measurements, and statistics. Third, the results from a statistical analysis have been displayed for discussion. Finally, the findings of the study have been concluded, based on the theoretical and managerial contributions, and suggestions for further research together with limitations of the study are provided.

2. LITERATURE REVUEW

2.1 Corporate Social Responsibility and Corporate Financial Performance

The notion of CSR was contended when it was first postulated. The main opposition hypothesized that if a company concentrates specifically on social responsibility as opposed to maximizing profit, the capabilities of its market mechanism will be negatively affected and as a result, the company's full resources will be neglected and misused. From the corporate governance perspective, managers act on behalf of shareholders, with the exclusive task of maximizing the value of the company for shareholders. In the eyes of the shareholder, If managers use their investments in pursuance of the interest of the public and taking social responsibility, their behaviour can be viewed as stealing (Friedman, 1970). However, people who support CSR would perceive this behaviour as ethical practice orientated. Since they have many available resources, they should gift what they can, and take a social citizen’s responsibility to improve the community. Moreover, it is a type of enlightened self-interest for the firm to take social responsibility. Many assets can be positively enhanced including the exploration of some more profitable markets, as well as the enhancement of the company’s brand image, the building of positive relationships with the community and government, and encouraging more talent to come into the company (Davis, 1973). The basis of all of this translates as more long term profits.

Corporate social responsibility (CSR) is presently used by companies to induce consideration from other corporate figures in the community. It is an important topic when companies meet and converse with each other (Bhattacharya et al., 2008). Corporate social responsibility, from Jamali’s (2008) and Jamali et al.’s (2008) perspectives, is concerned with how much motivation a firm has with regards to ensuring positive changes for the future, further stakeholder attention and improving conditions for the relevant societies.

Also centering on stakeholders’ interests, Hopkins (2007) Page number for direct quote defines CSR as being ‘‘concerned with treating the stakeholders of the firm ethically or in a responsible manner. ‘Ethically or responsible’ means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation’’. Regarding business organisations as the entities that keep the economic engine of society moving, Carroll (1979) and Henderson (2005) suggest that these businesses are accountable for making profits and keeping that engine going.

Carroll’s (1979) model of CSR also includes profitability as a determining factor amongst the four key responsibilities: The basic monetary responsibility to create profit. The legal responsibility to conform to local, state, federal, and relevant international laws. The ethical responsibility to meet other social expectations, not written as law (e.g. avoiding harm or social injury, respecting moral rights of individuals, doing what is right, just and fair). The discretionary responsibility to meet extra behaviors and activities that society

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finds desirable (e.g. philanthropic initiatives such as financial contribution to various kinds of social or cultural enterprises).

Carroll's 'pyramid of corporate social responsibility' suggested a hierarchy of responsibilities, with economical and legal responsibilities being at the bottom, where the top of the pyramid contained the more social determining factors, i.e. ethical and philanthropic (Carroll, 1991). Schwarz and Carroll (2003) suggested that the concept of a hierarchy was a limiting factor in the theory. The authors allocated the existing dimensions of CSR into a Venn diagram, the discretionary dimension was not included as the researchers put forward that it was not recognizable as a 'social responsibility'.

Lantos (2001) placed CSR into three sub-factors based on their characteristic (required versus optional) and intent (for stakeholders' good, for the company's good, or for both): ethical CSR, altruistic CSR, and strategic CSR. Ethical CSR is ''morally mandatory and goes beyond fulfilling a firm's economic and legal duties, to its responsibilities to avoid social injuries, even if the business might not benefit from this'' (Lantos, 2001). Carrigan and Attalla, (2001) state that conforming to the laws of the land is comparable to behaving ethically. Ethical CSR can be said to entwine with legal CSR. Moreover, as Gaski (1999) wrote: ''the ethics of one day may be the law of the next'', some ethical CSRs can evolve into legal CSRs and new ethical CSRs will become apparent.

Stakeholder theory was formulated in the 1960s, however, it displayed accelerated development in the 1980s. Since then, it was a factor that affected the choosing of the corporate governance model in Britain and America, and it began to change the way organizations conducted their management procedures (Jia and Chen, 2002; Zhang, 2008). The research of Freeman (1984) could be attested to being responsible for the official breakout of stakeholder theory to a degree. This theory enables individuals to better understand CSR. The idea that a firm should display multiple CSR is one of its determining factors. Nowadays, an increasing number of companies are employing CSR effectively, where they anticipate the attraction of stakeholders from a tactical angle. These stakeholders may include shareholders, managers, employees, creditors, suppliers, retailers, consumers, government, and the community. In return, stakeholders consider the interests of the corporate side more, as a result the expenses of opportunism behaviors, creating new ideas and supervision are diminished. Meanwhile, the stakeholder mode provides an unwritten, but mutually understood contract between company and employees, suppliers and community. Therefore, there is an invisible, but actual assurance of the interests of stakeholders, this in turn can stimulate stakeholder's confidence to input more assets without the fear of being taken advantage of. These points will assist a company when attempting to build a healthy relationship with stakeholders, transaction costs will be diminished as a result (Yang and Zhou, 2001).

Carroll is the most recognized scholar amongst CSR researchers. He suggested that CSR was what societies' expected of a company with regards to economy, law, ethics and freedom at a particular time. Societies not only expect companies to meet their economic goal, but also to conform to the law, respect ethics, and perform some form of charity work. Then, it can be said that CSR is the amalgamation of economic responsibility, legal responsibility, ethical responsibility, and discretionary responsibility (philanthropy responsibility) (Carroll, 1979, 1991). Carroll (1979) also argued that economical responsibility was the most essential consideration of a company, this was in line with the idea of a company being a profit-making business organization. The other three kinds of social responsibility were based on economic factors. Economic responsibility allows for other responsibilities. Ethical responsibility incorporated a wide behavior standard and criterion, which was concerened with a company's anticipation of the value of justice

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among customers, employees and local community, ethical considerations also highlighted a firm's moral spirit of respecting and protecting the interest of stakeholders (Carroll, 1991). In this condition, Carroll brought the RDAP strategic action of CSR into the core of his research, which was proposed by Wilson and developed by Wartick and Cochran (1985). This pattern hypothesized that when a company conducts CSR in accordance with its strategic intention, it should employ one of the following four kinds of strategic action: reactive, defensive, accommodative, and proactive.

The performance results of socially responsible initiatives differ greatly. Orlitzky et al. (2003) performed a meta-analysis of 52 studies in search for the relationship between corporate social performance and corporate financial performance. The results gave strong evidence that socially responsible investing is beneficial. With the strongest correlation being with the social dimension within corporate social performance. When concentrating on the environmental responsibility, we come to the same conclusion, albeit to a lesser degree. Diltz (1995) and Sauer (1997) concluded that there were no statistically significant performance differences between socially responsible investments and traditional investments. Diltz examined the alphas and abnormal returns for 28 socially screened equity portfolios as a means to gain his results. However, there was no consideration of style factors in the study. Sauer investigated the Domini Social Index performance by risk-adjusted performances and reached the same conclusion. Bauer et al. (2002) investigated the performance of international ethical mutual funds, corrected for investment style. The results displayed no significant difference in risk-adjusted returns between ethical and conventional funds for the period 1990-2001. Kneader et al. (2001) investigated the financial performance of 40 international ethical funds and 40 international non-ethical funds against their benchmark. Their results displayed no statistical difference between the performances. The authors concluded that ethical funds have a lower risk in comparison to their non-ethical counterparts. The cross-sectional analysis gives evidence that suggests the risk-adjusted returns are not significantly related to the size, age or ethical status of the fund.

The relationships between CSR and corporate financial performance has been widely researched using empirical measures. As discussed previously, however, the results are not consistent. The differing ways in which corporate financial performance and CSR are outlined could be a reason for this (Carroll, 1979; Orlitzky et al., 2003), other authors argue that it is the lack of appropriate statistical controls (Margolis and Walsh, 2003; Wood and Jones, 1995), or to the 'stakeholder misalignment' problem (Wood and Jones, 1995; Akpinar et al., 2008).

ROE and ROA accounting-based measures are generally employed to assess the performance of a firm, as well as Tobin's Q market-based measure. As for corporate social performance, a varying use of measures were utilized for the existing studies. A range of reputational indices, such as Moskowitz's (1972, 1975) tripartite ratings of 'outstanding', 'honorable mention', and 'worst' companies was employed for earlier research (Cochran and Wood 1984; Sturdivant and Ginter 1997), or the Fortune's ratings of a corporation's responsibility to the community and environment (Conine and Madden 1987; Fombrun and Shanley 1990; McGuire et al. 1998). The measure provided by the Council on Economic Priorities (CEP) based on social audits is an example of yet another index that has been utilised. Various studies have also based their research on the CEP social audit ranking of companies' pollution records (Bragdon and Marlin 1972; Fogler and Nutt 1975; Spicer 1978; Blackburn et al., 1994).

One of the latest measures that has been formulated to decidedly calculate various dimensions of a company's performance on the social and financial level is the KLD index. Many current inquiries commit to the KLD index to evaluate CSR when exploring the

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relationship between CSR and CFP (McWilliams et al., 2006; Orlitzky et al., 2003; Akpinar et al., 2008; Waddock and Graves, 1997; Berman et al., 1999).

2.2 Executive Long-term Vision

With the emergence of the CEO of a company being recognized as an integral tool when implementing an organizational goal, and highlighting new methods or changes that will lead to the ultimate fortune of a company, a global contemporary business reality has arisen (Lee, 2008). The manager of a business is also crucial when reaching for organizational goals. A manager's thinking in times of uncertainty, complexity and unpredictability can be critical (Bonn and Fisher, 2011). Leaders execute and make decisions according to their long term vision of future growth, the vision is attainable and real. This can be in contrast to the older leaders of a firm who can lack vision and have a negative impact on a company (Snyder and Graves, 1994). The vision is the device that contributes to strategy planning and design, and it allows for the relevant course of actions to be taken. This is especially true for strong visions, which will be recognized by stakeholders, thus giving the organization creditability (Bonn and Fisher, 2011).

Additionally, Takabashi (2007) defined long term vision as the actual way in which a business expects to move in the next two decades. Besides, there is a new global trend in business communities of firms creating a new long-term vision. UK organizations utilize information from other businesses to fuel their own long term goals; for example, executives research their competitors, the market, the customers and the stakeholders in order to assess the ways in which their company can progress (Xu, Kaye and Duan, 2003). In addition, long-term vision can highlight and make the firm's operations and overall goals more transparent. For example, anticipation of new competitors and a need for human development planning can emerge from a new product launch scheme (Meadan and others, 2010; Cooper and Cronin, 2000). Therefore, by concentrating on change, and recognizing the effectiveness and their competence to utilise environmental change, leaders can expand on their visions for the future.

It is agreed that the future success of an organization is dependant on the competence of its executives vision. Sustainability and progression rely on the competence of management and business practices, which are a reflection of leadership effectiveness (Svensson and Wood, 2006). It is necessary for leaders to generate, motivate, inspire and fascinate people, as these practices can help them develop, thus making it easier to attain long term visions. It is vital for organizational leaders to display expertise in management and business practices in order to allow followers to recognize and expedite the procedures of creating a vision and to ensure all the dimensions of the business are tactfully utilized to conform to the vision (Foster and Akdere, 2007). Likewise, Srinivasan, Anderson and Ponnavolu (2002) suggested that customer satisfaction and loyalty are also affected by the organization’s vision of future products and services. That is, executive long-term vision impacts customer loyalty through customer satisfaction.

The effectiveness of CSR strategies in firms is highly dependent on the practices and principles of their leaders when acting up their vision. (Waldman, Siegel and Javidan, 2006). Moreover, London (2008) asserted that when the leader is cooperative with followers, new policies are formulated with regard to social responsibilities. These may include policies for health benefits, work-life balance, fair wages, and environmental considerations. Thus, as Waldman, Siegel and Javidan (2006) suggest, innovations can be generated by workers as a result of leaders displaying a CSR strategy within organizations, and in particular transformational leadership.

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2.3 Corporate Governance Leadership

It has become apparent that environmental matters play a fundamental role in preventing firms from formulating an effective organizational strategy, due to environmental degradation (Halme and Huse, 1997). Likewise, the external influences play a role in establishing a corporate governance system as it establishes a capitalist system (McCarthy and Puffer, 2002).

For this research, corporate governance leadership refers to the organizations' policy aimed at a transparent template through operation systems that focus on firms' rights and responsibility, transparency and integrity of their stakeholders both internal and external. Halme and Huse (1997) presented definitions of corporate governance as a process by which corporations respond to the rights and wishes of stakeholders. The authors proposed four mechanisms that can characterise corporate behaviour: ownership, board of directors, public pressure and regulation. In addition, corporate governance is the practice of power over and accountability for corporate bodies (McCarthy and Puffer, 2002).

Four governance elements which Standard & Poors developed as a framework for the evaluation of corporate governance are 1) ownership structure and influence, 2) financial stakeholders rights and relations, 3) financial transparency and disclosure, and 4) board structure and processes. Interestingly, Aaboen and others (2006) studied the small high-tech firms which found that corporate governance systems, channeled through the experience and knowledge of managers are a key factor in helping businesses profit and to achieve their goals. Moreover, Eng and Mak (2003) found that a firm's characteristics and organizational structure can influence performance through corporate governance. Thus, corporate governance is now more fundamental than in the past as an essential aspect of expanding company rules, this can assist when companies attempt to make positive relationships with internal and external stakeholders.

2.4 Organizational Experience

Organizational experience typically involves many company exclusive factors. Typically, particular knowledge and skills are key tools for the market progression of a firm. Majocchi, Bacchiocchi and Mayrhofer (2005) argued that the accumulation of experience can generate trust and highlight good practices in foreign markets. Moreover, better perceptions attained from the gathering of experiences generate and encourages businesses to enter new markets both domestically and globally.

When discussing experience, we can outline two classifications; 1) geographical experience, which is concerned with market context, including culture and environment and 2) industry experience, which regards the firm's familiarity with products, customers and suppliers. Cho and Padmanabhan, (2005) suggested that relationships between differing business cultures are enhanced through firm experience. They put forward three categories for measuring firm experience: 1) business experience is the overall experience with regard to doing business abroad, 2) specific experience is the host country's experience with regards to culture and rules, and 3) decision experience considers strategy choice decisions, and its potential of organizational experience for the superior establishment of foreign entry mode.

Organizational experience can be outlined as the ongoing education of the market environment, clients, and suppliers through years of operating as a firm. A minimum of two years' experience would generate an improvement in a firm's knowledge base, as experience assists managers in creating and selecting the most appropriate strategic choices relevant to the firm's needs. Based on the research results of Majocchi, Bacchiocchi and Mayrhofer (2005) two years' experience might correlate with market success, which can

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enhance market shares. The results from previous research in organizational experience suggest that it can be a vital tool used to increase the worth of up and coming economies (Fan, Ng and Wong, 2011), including the creation of market progression through the formulation of new opportunities (Majocchi, Bacchiocchi and Mayrhofer 2005). The increase of knowledge, skills, and experience are the components of a firm's development and aid in acquiring a competitive advantage. In addition, the organization uses experience to develop a system of connections and positive relationships within the business community, which in turn promotes trust and highlights the commitment of the company. Therefore, long term progression and growth is a result of increased experience (Patanakul and Milosevic, 2008). However, Cho and Padmanabhan (2005) found that the organizational experience must conform to the market context and can be applied to contemporary schemes with a view to making business progression. Furthermore, the traits of the particular industry and the methods of communication are the fundamental components which will contribute to positive organizational experience (Cramer, 2005).

One organizational experience theory describes learning from experience as a factor that can highlight the correlation between production experience and organizational improvement. Production experience is a result of organizational learning and a cumulative number of units produced. In addition, Boone and Ganecshan (2001) found that organizational experience (learning curves) when studied as a factor in the service industry promotes network quality. Based on the earlier discussion, organizational experience is a potential factor to increase organizational strategies.

3. MODEL DEVELOPMENT AND HYPOTHESES DEVELOPMENT

The conceptual models are proposed as shown in Figure 1 which demonstrating the relationships among executive long-term vision, corporate governance leadership, organizational experience, and corporate social responsibility, and Figure 2 which demonstrating the relationships between corporate social responsibility, and corporate financial performance. This study, we propose that all hypotheses are proposed to be positive. In the following section, the propositions will be derived from existing theory.

4. RESEARCH METHODS

4.1 Sample Selection and Data Collection Procedure

This study investigates the relationships among executive long-term vision, corporate governance leadership, organizational experience, and corporate social responsibility. And the study also investigates the relationships between corporate social responsibility, and corporate financial performance. Hence, this study selected The Stock Exchange of Thailand as the sample. The population was obtained from a list database of The Stock Exchange of Thailand as of December 12, 2016 (http://marketdata.set.or.th/mkt/marketsummary.do). A mail survey procedure via questionnaire was used for data collection. The key participants in this study were executives or managers. With regard to the questionnaire mailing, 25 surveys were undeliverable because some firms were no longer in business or had moved to unknown locations. Deducting the undeliverable from the original 576 mailed, the valid mailing was 551 surveys, from which 296 responses were received. Of the surveys completed and returned, only 285 were usable. The effective response rate was approximately 28.89 %. According to Aaker, Kumar and Day (2001), the response rate for a mail survey, without an appropriate follow-up procedure, and greater than 20%, is considered acceptable.

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Figure 1
Model of The relationships among Executive Long-Term Vision, Corporate Governance Leadership, Organizational Experience, Corporate Social Responsibility

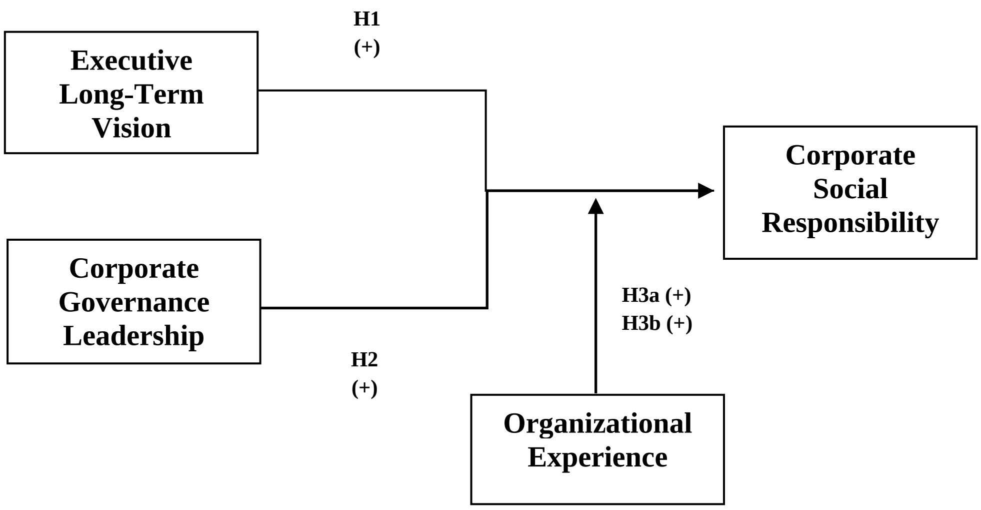
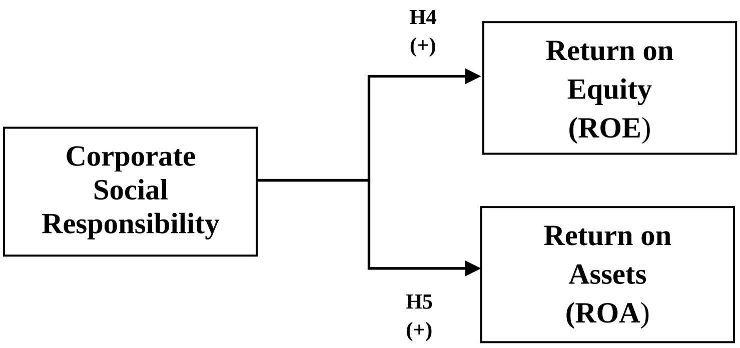


Figure 2
Model of The relationship between Corporate Social Responsibility, and Corporate Financial Performance



Furthermore, a non-response bias test was performed by comparing early and late responses. Characteristics of the firms comprise industry types, amount of capital funding, time in business, number of employees, and key informants who self-reported all constructs (Armstrong and Overton, 1977). As for non-response bias, t-test statistical tests were performed and; the results exhibited no significant differences. Therefore, a non-response bias is of no concern in this data.

5. METHODS

In this study, factor analysis is used to study the construct validity of several constructs in the conceptual model that has been developed as scales. Factor analysis was used to assess the basis of a large number of items and to determine whether they could be reduced to a smaller set off actors. All factor loadings are higher than the rule-of-thumb 0.40 cut-off and are statistically significant (Nunnally and Berstein, 1994).

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Moreover, Cronbach's alpha coefficient was used to evaluate the measurement of reliability. In the scale, Cronbach's alpha coefficients are higher than 0.70 (Nunnally and Berstein, 1994).Therefore, scales of all measures are shown to result in consistency. Therefore, these measures are considered appropriate for further analysis because they show that validity and reliability that have be recognized in this study. The result shows factor loadings and the Cronbach's alpha coefficient for multiple item scales used this study in Table 1. Table 1 presents all variables that have factor loading scores as between 0.559 – 0.916. Additionally, Cronbach's alpha for all variables are shown between 0.725 – 0.875. Therefore, all constructs of the validity and reliability of measurement can be applied for further analysis.

Table 1
Results of Measure Validation

Items	**Factor Loadings**	**Cronbach's Alpha**
Executive Long-Term Vision (ELT)	0.811-0.893	0.875
Corporate Governance Leadership (CGL)	0.559-0.916	0.794
Organizational Experience (OE)	0.605-0.773	0.852
Corporate Social Responsibility (CSR)	0.559-0.806	0.841

The ordinary least squares (OLS) regression analysis is used to test and examine the hypothesized relationships between dependent, independent and moderated variables of the stock exchange of Thailand. Then, the aforementioned variables play significant roles in explaining the research relationships. Because all dependent variables, independent variables, moderated variables, and the control variables in this study were neither nominal data nor categorical data, OLS is deemed an appropriate method for examining the hypothesized relationships (Aulakh, Kotabe and Teegen, 2000). With the interest of understanding the relationships in his study, the research model of these relationships is depicted as follows.

Equation 1: $CSR = \beta 01 + \beta 1\mathbf{ELT} + \beta 2\mathbf{CGL} + \beta 3\mathbf{FA} + \beta 4\mathbf{FS} + \varepsilon_1$
Equation 2: $CSR = \beta 02 + \beta 5\mathbf{(OE*ELT)} + \beta 6\mathbf{FA} + \beta 7\mathbf{FS} + \varepsilon_2$
Equation 3: $CSR = \beta 03 + \beta 8\mathbf{(OE*CGL)} + \beta 9\mathbf{FA} + \beta 10\mathbf{FS} + \varepsilon_3$
Equation 4: $ROE = \beta 04 + \beta 11\mathbf{CSR} + \beta 12\mathbf{FA} + \beta 13\mathbf{FS} + \varepsilon_4$
Equation 5: $ROA = \beta 05 + \beta 14\mathbf{CSR} + \beta 15\mathbf{FA} + \beta 16\mathbf{FS} + \varepsilon_5$

6. RESULTS AND DISCUSSION

Table 2 exhibits the descriptive statistics and correlation matrix for all variables. With respect to the possible problems relating to multicollinearity among independent variables, variance inflation factors (VIFs) range from 0.01 to 0.89 which was below the cut-off value of 10 as recommended by Neter, William and Michael (1985), meaning the independent variables are not correlated with each other. Therefore, there are no substantial multicolinearity problems encountered in this study.

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Table 2
Descriptive Statistics and Correlation Matrix

Variables	CSR	ELT	CGL	OE	FA	FS
Mean	3.989	3.872	3.705	3.859	3.091	2.884
S.D.	0.921	0.938	0.998	0.856	1.146	1.359
CSR	1					
ELT	0.697**	1				
CGL	0.730**	0.727**	1			
OE	0.704**	0.898**	0.892**	1		
FA	0.022	0.021	0.026	0.015	1	
FS	0.065	0.044	0.057	0.035	0.285	1

***p < 0.01, **p < 0.05, *p < 0.10

Table 3 presents the results of OLS regression analysis of the relationships among executive long-term vision, corporate governance leadership, organizational experience, corporate social responsibility, and corporate financial performance.

The first one of relationship between executive long-term vision and corporate social responsibility support is significant (H1: $\beta 1$= 0.353, p < 0.01), thus, Hypothesis 1 is supported. Leadership is making long term vision in future. In businesses to fuel their own long term goals; for example, executives research their competitors, the market, the customers and the stakeholders in order to assess the ways in which their company can progress (Xu, Kaye and Duan, 2003). However, long-term vision can highlight and make the firm's operations and overall goals more transparent. For example, anticipation of new competitors and a need for human development planning can emerge from a new product launch scheme (Meadan and others, 2010; Cooper and Cronin, 2000).

For Hypothesis 2, the relationship between corporate governance leadership and corporate social responsibility support is significant (H1: $\beta 2$= 0.473, p < 0.01), thus, Hypothesis 2 is supported. Business must understand corporate social responsibility management as a way to develop proper corporate governance leadership (Spence and Perrini, 2009). By integrating corporate social responsibility within the activities of companies, different norms, guidelines, management systems, and other standards have risen to the forefront. The implementation of management systems allows for the development of corporate social responsibility. The Global Reporting Initiative (GRI) promotes the drafting of corporate social responsibility reports, so-called sustainability reports, and the Global Compact, are statements of commitments with society, the environment, and development.

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Table 3
Results of Regression Analysis

Independent Variables	**Dependent Variables CSR**
Constant	0.129 (0.122)
Executive Long-Term Vision (ELT)	0.353 *** (0.055)
Corporate Governance Leadership (CGL)	0.473 *** (0.056)
Firm Age (FA)	0.034 (0.035)
Firm Size (FS)	0.008 (0.029)
Adjusted R^2	0.587

***p < 0.01, **p < 0.05, *p < 0.10, [a] Bata coefficients with standard errors in parenthesis

Table 4 presents the results of OLS regression analysis of the relationships among executive long-term vision have an effect on corporate social responsibility via the moderating effect of organizational experience. It was found that executive long-term vision have a not significant positive effect on corporate social responsibility via the moderating effect of organizational experience (H3a: $\beta 3$= 0.005, p < 0.01) thus, Hypothesis 3a is not supported. However, corporate governance leadership have a not significant positive effect on corporate social responsibility via the moderating effect of organizational experience (H3b: $\beta 4$= 0.018, p < 0.01) thus, Hypothesis 3b is not supported. Organizational experience typically involves many company exclusive factors. Typically, particular knowledge and skills are key tools for the market progression of a firm. Majocchi, Bacchiocchi and Mayrhofer (2005) argued that the accumulation of experience can generate trust and highlight good practices in foreign markets. Moreover, organizational experience is not increases a good corporate social responsibility in business.

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Table 4
Results of Regression Analysis

Independent Variables	Dependent Variables CSR 3a	Dependent Variables CSR 3b
Constant	0.133 (0.133)	0.133 (0.129)
Executive Long-Term Vision (ELT)	0.336*** (0.095)	
Corporate Governance Leadership (CGL)		0.502*** (0.090)
Organizational Experience (OE)	0.404*** (0.095)	0.263** (0.090)
(ELT×OE)	0.005 (0.051)	
(CGL×OE)		0.018 (0.049)
Firm Age (FA)	0.023 (0.038)	0.029 (0.037)
Firm Size (FS)	0.021 (0.032)	0.012 (0.031)
Adjusted R^2	0.511	0.540

***$p < 0.01$, **$p < 0.05$, *$p < 0.10$, [a] Bata coefficients with standard errors in parenthesis

Table 5 presents the results of OLS regression analysis of the relationships among corporate social responsibility and corporate social performance. For Hypothesis 4, the relationship between corporate social responsibility and return on equity (ROE) support is significant (H4: $\beta 5$= 0.577, $p < 0.01$), thus, Hypothesis 4 is supported. For Hypothesis 5, the relationship between corporate social responsibility and return on assets (ROA) support is significant (H5: $\beta 6$= 0.551, $p < 0.01$), thus, Hypothesis 5 is supported. The notions of CSR and return on equity (ROE), and return on assets (ROA) as its outcomes gained momentum in academia when stakeholder theory was popularized by Freeman (1983, 2010). According to stakeholder theory (Freeman, 1983), stakeholders have different interests in a corporation and thus have different impacts upon it and the corporation is seen to be responsible to meet their interests. By including stakeholders instead of only shareholders, the traditional boundary of the firm seems blurred. There are other theories proposed to legitimate CSR causes. For example, Wang et al. (2008) viewed the CSR cause from the resource dependence theory perspective proposed by Pfeffer and Salancik (1978); CSR can be regarded as a means by which a firm can reduce the risks associated with resource acquisition. Legitimacy theory asserts that firms do not operate in a vacuum; rather, they impact and are impacted upon by the socio-political context. There is a ‘social contract’ between a company and society; bound by this contract, firms agree to perform various

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socially desired actions in return for societal approval of their objectives and other rewards, and this ultimately guarantees their continued existence (Deegan, 2002; Patten, 1992; Brown and Deegan, 1998; Guthrie and Parker, 1989).

Table 5
Results of Regression Analysis

Independent Variables	**Dependent Variables** **Return on Equity (ROE)**
Constant	3.852 (0.116)
Corporate Social Responsibility (CSR)	0.577*** (0.036)
Firm Age (FA)	0.050 (0.033)
Firm Size (FS)	0.005 (0.028)
Adjusted R^2	0.476

***p < 0.01, **p < 0.05, *p < 0.10, [a] Bata coefficients with standard errors in parenthesis

Table 6
Results of Regression Analysis

Independent Variables	**Dependent Variables** **Return on Assets (ROA)**
Constant	3.644 (0.138)
Corporate Social Responsibility (CSR)	0.551*** (0.043)
Firm Age (FA)	0.058 (0.039)
Firm Size (FS)	0.058 (0.033)
Adjusted R^2	0.376

***p < 0.01, **p < 0.05, *p < 0.10, [a] Bata coefficients with standard errors in parenthesis

7. CONTRIBUTIONS

7.1 Theoretical Contribution and Directions for Future Research

This paper attempts to gain more understanding of the relationships amongst executive long-term vision, corporate governance leadership, organizational experience, corporate social responsibility, and corporate financial performance, this study focuses on its importance in corporate social responsibility, which provides unique theoretical contributions by extending the corporate social responsibility' suggested a hierarchy of

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responsibilities, with economical and legal responsibilities being at the bottom, where the top of the pyramid contained the more social determining factors, i.e. ethical and philanthropic (Carroll, 1991). Organizations can benefit from employee internalization of core corporate values, which can nurture the organization in performing according to its stated ethical standards and ambitions. Such an approach needs organizational trustworthiness in its strategic efforts, and communicated visions and values to influence the company's reputation, especially as this relates to CSR (Karmark, 2005). In addition, one theories including stakeholder theory, are incorporated for explaining the relationships among variables in the model. Likewise, to expand the research contributions and verify the research generalizability, future research is needed to collect data from different groups of sample and/or comparative populations or from other business sectors in order to increase the level of reliable results.

7.1 Limitations and Future Research Directions

This study contains some limitations which warrant further investigation. Firstly, The Stock Exchange of Thailand are mainly concerned more sample should be further investigated in order to gain more reliability and validity. Secondly, perceptual measures based on single respondents self-report are common in corporate social responsibility; however, it may cause common method bias. The larger sample size is strongly recommended to create more reliability. In addition to suggestions stemming from limitations, future research may consider other industries to confirm the results of the study. Furthermore, qualitative method might be also used to re-conceptualize the concept of corporate social responsibility, such as an in-depth interview, in order to gain more current insights in the real business world.

7.2 Conclusion

This study aims to investigate the relationships amongst executive long-term vision, corporate governance leadership, organizational experience, corporate social responsibility, and corporate financial performance. This study selected Stock Exchange of Thailand as the sample. Several important findings are identified. The results lend support for the hypothesis derived from the conceptual model. Except for Hypothesis 3a, 3b are not supported.

Executive long-term vision has a positive impact on corporate social responsibility. A majority of the literature in this area suggests that businesses to fuel their own long term goals; for example, executives research their competitors, the market, the customers and the stakeholders in order to assess the ways in which their company can progress. Moreover, organizations' policy aimed at a transparent template through operation systems that focus on firms' rights and responsibility, transparency and integrity of their stakeholders both internal and external.

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