The Impacts of Social Responsibility and Social Media on the Success of International Ventures

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ABSTRACT
Social responsibility refers to a form of corporate self-regulation. The company becomes interested in the international environment when it engages in operations with other countries. The purpose of this paper is to explore a link between the role of the social responsibility and the success of international venture based in Thailand. This study applies a cross-sectional survey for data collection from 280 international ventures. The findings of this study illustrate that online social media and social responsibility factors including fair labor practices, and product safety significantly affect the success of international venture in Thailand.

Keywords: Social Media, Social Responsibility, International Business, International Venture

1. INTRODUCTION
In recent years, the central role of business has extended from the traditional economic actor to being a political and social actor. Concerns about corporate responsibilities have consequently become an increasingly high profile issue in many countries and globalizing industries (Tulder and Kolk, 2010). Recent studies have also stressed that, in addition to economic assessments, the environmental and social impact from international operations should also be integrated more closely in to corporate strategic decision-making (Toppinen, 2011). The rising awareness of social consciousness and actions leading to commercial success has also inspired many researchers to study the linkage between social responsibility and financial performance of international firms (Koseska and Arnaudov, 2012).

Today’s small businesses are becoming more involved in international business as the growth of Internet communication technology such as e-commerce has opened up new opportunities for small business ventures. Previously, to enter foreign market, firms often needed to painstakingly build distribution networks and brand recognition country by country, a process that many times favored large firms over small ones. A well-developed website also can draw the consumers throughout the world without the need to establish a physical presence in each country, making it easier for small businesses to cut their costs, allowing them to better compete internationally against their larger rivals (Griffin and Pustay, 2005). Thus, business in the international context needs to pay close attention to the specific of the cross-border operations such as sales, services, finances and payments, and investments with other countries. In international business venturing, consider ethic and social responsibility as a corporate initiatives to assess and take responsibility for the company’s effects on the environment and impact on social welfare (Koseska and Arnaudov, 2012).

Many leaders of the international business have come to realize the consequences of globalization for their companies, therefore defending a consensus regarding the fact that companies are liable towards the communities they serve and rely on (Revathy, 2012). In order to be able to respond to ethic and social responsibility challenges encountered in international business, managers or business owners must understand the increasing complexity of the global business environment and its ethic issues and to develop strategies for decision making and for forming and implementing corporate social responsibility policies (Holbrugge and Dogl, 2012). Thus, the growing relevance of environmental and social issues in international business is motivation of the study for analyzing the impacts of social responsibility practices on the success of international ventures. In addition, the use of social media in business becomes a low cost and effective tool for company’s communication strategy (Woodcock, N., Green, A., and Starkey, M., 2011). It highlights how companies communicate their social responsibility programs through their websites and other online social media. Companies reach their customers through several media efforts
like Facebook, LinkedIn, and Twitter. Personal interactions and real off-line relationships can be developed through several types of social media for companies in developing customer relationship and positive business image (Castillo, S.M., Illia, L., and Rodriguez, B., 2012). However, the focus of the present study is on international ventures in Thailand. The social responsibility dimensions used in the study such as environment, community development, labor practices, and product safety has drawn from the corporate social responsibility research conducted by Loureiro, Sardinha and Reijnders (2012). Furthermore, the use of social media can deliver financial benefits to companies no matter what sector is studied. The benefits are centered on increasing customer insight and engagement and are fundamental to driving business performance (Jeong, H.J. Paek, H., Lee, M. and Morrison, M., 2012).

2. LITERATURE REVIEW

Businesses are an integral part of the communities in which they operate (Qi, Feng and Jin, 2012). Long-term success is based on continued good relations with a wide range of individuals, groups, and institutions (Ciliberti, Pontrandolfo and Scozzi, 2008). Moreover, customers expect goods and services to reflect socially and environmentally responsible business behavior at competitive prices. Shareholders are searching for enhanced financial performance that integrates social and environmental consideration (Revathy, 2012). In addition, people want to work for companies that are socially responsible and that create directions for them to be as well. Companies also realize that a healthy community is a great place to operate a business, to hire people, to locate a store, a great place for people to come and shop. The health of the community represents a platform for economic success (Loureiro, Sardinha, and Reijnders, 2012).

However, global companies exert a strong influence on society, with both benefits and negative effects (Griffin and Pustay, 2009). Social contributions of global corporations are connected to creation of new workplaces, the improvement of life standards in the host areas, the ease of access to modern technology offered by business or management expertise, the introduction of ethic practices within the competition and the creation of relations within the community based on social responsibility (Qi, Feng and Jin, 2012). The disadvantages induced by business globalization include power abuse within nations where institutions exert a reduced control, bribe and corruption, loss of work places, disrespecting the human rights, involvement in political affairs and influence abuse, pollution and negative effects upon the environment (Ciliberti, Pontrandolfo and Scozzi, 2008).

International ventures are defined as entrepreneurs whose business activities involving cross border transactions of goods, services, and resources between two or more nations (Joshi, 2009). Transaction of economic resources include capital, skills, people etc. for international production of physical goods and services such as finance, banking, insurance, and construction (Griffin and Pustay, 2009). However, differences among national contexts create specific types of entrepreneurial opportunities. Entrepreneurial ventures across the world, thus, can evaluate and analyze international opportunities in their capacity as founders, investors, or partners of international ventures or established companies that are looking to grow internationally. In addition, international ventures must be knowledgeable about cultural, legal, political, and social differences among countries. They must coordinate the activities of their foreign subsidiaries, while dealing with the taxing and regulatory authorities of their home country and all the other countries in which they do business (Griffin and Pustay, 2005).

The term ‘corporate social responsibility’ originates with Bowen (1953). It is used to describe businesses’ integration of social and environmental issues into decisions, goals, and operations. Other terms for social responsibility are corporate responsibility, sustainability, corporate citizenship, ethical business practices, social/environmental responsibility, triple bottom line, and environmental and social stewardship (Revathy, 2012). Corporate responsibility is actualized in the last decades of the 20th century with the internationalization and globalization. Big companies, spreading its business in many countries, fighting the competition, started to introduce ‘innovations’ in the work, as follows: protection of the human environment, employees’ health and safety, customers and community care etc (Ciliberti, Pontrandolo and Scozzi, 2008). Social responsibility can be defined as success in the business activities that is gained not only by adhering the laws and regulations, but by approach that accomplishes...
balance between economic, ecological and social goals, on a way that is useful for the citizens, community and society (Koseska and Arnaudov, 2012).

It is clear that customer contact through informal social media networking and more formal company-sponsored platforms, such as discussion forums, is an increasingly integral element in building brand communities and financial benefits. The previous study shows that corporate social responsibility leads to the intention to join the business brand page among consumers (Noble, C.H., Noble, S.M., and Adjei, M.T., 2012). Harnessed with social responsibility and customer relationship management, social media can create key drivers of online brand community success that encourage loyalty, purchases, and positive word of mouth (Noble, C.H., Noble, S.M., Adjei, M.T., 2012).

Several academic studies have attempted to analyze the relationship between corporate social responsibility and profitability (Cochran, 2007). A recent meta-analysis suggests the cost of having a high level of corporate social responsibility is minimal and that firms may actually benefit from socially responsible actions (Wu, 2006). This findings is similar to results of earlier studies. The concept success is another factor that is considered in the current study as the expected outcome of the relationship between the social responsibility and international business venture. Success can be measured by hard or quantitative and by soft or qualitative criteria such as sales growth, income, employment trends, return on investment, and satisfaction of customers or business owners (Kim and Kim, 2009). While some research has used financial performance such as key indicators, the non-financial goals or indicators of the owners such as relative growth rate, business stability, customer satisfaction, returning rate of customer, and customer acceptance are utilized in this study because Thai entrepreneurs in general tend to keep low profile and refrain from disclosing information about their earnings (Tarnittanakorn, 2011).

3. METHODOLOGY

Theoretical literature from various sources was reviewed to design the research framework. In order to develop the questionnaire, initially, a survey questionnaire assessing the constructs in the current study was developed from published scales of previous research. Then, the pilot work was conducted through the use of self-administrative questionnaires in order to verify the meanings of the concept as well as to validate whether or not potential respondents would be able to understand and complete the questionnaires.

The survey design employed in this study is a cross-sectional survey in which data was collected at one point in time from the designated sample. The target population for the research was the founders or the owners of international ventures in Thailand. The sample selection was based on the criterion that the international ventures in this study were defined as international firms established for at least two years because it was not possible to gather enough data to consider the success of firms operation in a shorter period of time (Jeffcoate et al., 2012).

4. RESULTS

A total of 300 survey questionnaires were distributed to international entrepreneurs in Thailand. 20 responses were eliminated because they either were vague and lacked descriptive detail. This resulted in a final sample of 280 giving an overall response rate of 93 per cent. The response rate was high due to the fact that the questionnaires were collected right after the respondents completed the form. The demographic profiles of the respondents were composed of slightly more men (51%) than women (49%). The largest group of respondents was between the age of 40 and 49 years (54%). In terms of education, 54% of the sample had a bachelor’s degree. 47% of them owned an import-export business.

Reliability and Validity Analysis

According to Table 1, the overall results of scale reliability analysis achieving alpha coefficient ranged from .757 to .888 for high reliability, a minimum alpha of 0.70 suffices for the study (Nunnally, 1978) and indicates that the summed scales have internal consistency and are reliable. Additionally, factor analyses assessing the six constructs in the study including environmental concerns, community development, labor practices, product safety, social media, and success were conducted. Principal component analysis with Varimax rotation was used in all cases. Table 1 also reports the results of factor analyses and a factor loading value of 0.50 and higher is regarded as good and significant and the eigenvalues greater
than one is considered practically significant for the study (Hair et al., 1998). This indicated that the sets of measures in each construct represented the concepts well and, therefore, confirmed that the measures in the study achieved construct validity.

### Table 1: Summary Results of Reliability and Validity of Construct

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>S.D.</th>
<th>Alpha’s Coefficient</th>
<th>Eigen Value</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Environmental concerns</td>
<td>3.68</td>
<td>.64</td>
<td>.821</td>
<td>2.61</td>
<td>.759-.841</td>
</tr>
<tr>
<td>2. Community development</td>
<td>3.59</td>
<td>.69</td>
<td>.832</td>
<td>2.66</td>
<td>.784-.850</td>
</tr>
<tr>
<td>3. Labor practices</td>
<td>3.41</td>
<td>.64</td>
<td>.757</td>
<td>2.31</td>
<td>.760-.802</td>
</tr>
<tr>
<td>4. Product safety</td>
<td>3.44</td>
<td>.63</td>
<td>.830</td>
<td>2.65</td>
<td>.767-.853</td>
</tr>
<tr>
<td>5. Social media</td>
<td>3.58</td>
<td>.68</td>
<td>.879</td>
<td>2.94</td>
<td>.839-.887</td>
</tr>
<tr>
<td>6. Success</td>
<td>3.57</td>
<td>.70</td>
<td>.888</td>
<td>2.99</td>
<td>.857-.876</td>
</tr>
</tbody>
</table>

#### Hypothesis Testing

Collinearity estimates were tested for multicollinearity before conducting multiple regression analysis. As a rule of thumb, if the variance inflation factor (VIF) for each independent variable exceeds 10, that variable is said to be highly collinear and will pose a problem in regression analysis (Kleinbaum, Kupper, and Muller, 1998). As shown in Table 2, all of the VIF values are well below 10, ranging from 1.502-2.189. Therefore, there is really no problem of multicollinearity.

### Table 2: The Effect of Social Responsibility on Success

<table>
<thead>
<tr>
<th>Variable</th>
<th>b</th>
<th>SE</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.202</td>
<td>.177</td>
<td></td>
<td></td>
<td>.256</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Environmental concerns</td>
<td>.053</td>
<td>.058</td>
<td>.050</td>
<td>.923</td>
<td>.357</td>
<td>.457</td>
<td>2.189</td>
</tr>
<tr>
<td>2. Community development</td>
<td>-.016</td>
<td>.056</td>
<td>-.015</td>
<td>-.288</td>
<td>.773</td>
<td>.482</td>
<td>2.076</td>
</tr>
<tr>
<td>3. Labor practices</td>
<td>.200</td>
<td>.054</td>
<td>.201</td>
<td>1.843</td>
<td>.046</td>
<td>.519</td>
<td>2.126</td>
</tr>
<tr>
<td>4. Product safety</td>
<td>.551</td>
<td>.044</td>
<td>.564</td>
<td>12.534</td>
<td>.000</td>
<td>.666</td>
<td>1.502</td>
</tr>
<tr>
<td>5. Social media</td>
<td>.262</td>
<td>.054</td>
<td>.243</td>
<td>4.828</td>
<td>.000</td>
<td>.532</td>
<td>1.880</td>
</tr>
</tbody>
</table>

$R^2 = 0.794, R^2 = 0.630, p<0.05$

The correlations between the variables in the study were studied statistically by means of multiple regression analysis as depicted in Table 2. The results of hypothesis testing show that the social media and social responsibility dimensions of labor practices, and product safety were significantly related to the success of international venture in Thailand. However, the environmental concerns and community development did not have an impact on the success of international venture. Analysis of beta weights indicates that product safety ($\beta=.564$) is the best predictor for the success of international venture, followed by the use of social media ($\beta=.243$) and the labor practices ($\beta = 0.201$) respectively.

The overall results of social media and social responsibility practices affecting the success of international venture are statistically significant with a $p$-value less than 0.05. Therefore, the hypotheses posit that the social media and social responsibility factors of labor practices and product safety affect the success of international venture are supported and these factors reveal positive relationships with the success of international venture in Thailand. However, the social responsibility on the aspects of environmental concerns and community development was not supported.

## 5. CONCLUSIONS

The study reveals that the use of social media and social responsibility dimensions including fair labor practices and product safety affect the success of international venture in Thailand. This reiterates the important role of social media and social responsibility in the context of international business. Nonetheless, it is possible to find mechanisms by which social media and social responsibility might enhance profitability by examine the impact of social media and social responsibility on various stakeholders. It is
important to understand this does not mean that firms which engage in social media and socially responsible activities will be more successful (Cochran, 2007). It is rare when few factors can explain any specific organization is successful or unsuccessful. Then, future comparative studies of the social media and social responsibility affecting the success of international venture on management practices and policies could be conducted to enhance the understanding of their impacts and also to increase the applicability of the findings.

6. REFERENCES