

Sustainable Leadership at Thai President Foods

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ABSTRACT

This paper adopts Avery's sustainable leadership practices as a framework to examine the business practices, as informed by the philosophy of Sufficiency Economy, at one of the world's largest instant noodle manufacturers, Thai President Foods (TF). Avery's principles were grouped into six categories for analysis: long-term perspective, investing in people, organizational culture, innovation, social and environmental responsibility, and behaving ethically. Adopting a multi-data collection approach, research teams supplemented case study data with non-participant observations made during visits to the conglomerate and training sessions, and reference to documentation and information supplied by, or published about, the conglomerate. Semi-structured interviews were held with multiple stakeholders. Six core sets of practices consistent with the 19 sustainable leadership practices were identified: a focus on a long-term perspective, staff development, a strong organizational culture, innovation, social and environmental responsibility and ethical behavior, sharply contrasting with the prevailing business model of short-term maximization of profitability.

JEL Classification: M14

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I. INTRODUCTION

Corporate sustainability is becoming increasingly significant for business leaders, given many alarming factors including energy and resource shortages, global warming, unethical business practices, and enhancing corporate reputations (Wong and Avery, 2009). Numerous scholars (e.g., Avery, 2005; Kantabutra, 2006; Piboolsravut, 2004; Wilson, 2003) are seeking an alternative to the prevailing Anglo/US business model that promotes short-term, shareholder-value even if it arguably does not lead to sustained business success.

Are there other approaches? In Europe, Rhineland capitalism is seen as an alternative philosophy to promote corporate sustainability (Albert, 1992). It is concerned about the long-term sustainability of an enterprise and its relationships with many interest groups, not just with shareholders (Albert, 1993). The search for corporate sustainability appears similar in Asia. One alternative is Japanese human capitalism, which with its strong employee focus, places Japan at the most advanced stage of capitalism (Ozaki, 1991). Another variation comes from South-East Asia, where governments take an active role in creating, shaping and guiding markets. Singapore is a highly successful example of this business model. These governments require firms to take considerable responsibility for social welfare of their employees (Stiglitz, 2002). In Thailand, the “Sufficiency Economy Philosophy”, which aims at creating balance and sustainability for society, has been widely acclaimed as an approach to corporate sustainability (UNDP, 2007).

Sustainability in business organizations goes beyond the traditional view of adding on being ‘green’ and ‘socially responsible’ to business-as-usual. Sustainable businesses need to do more than merely comply with internationally accepted rating systems such as ISO14001, the Triple Bottom Line or the Global Reporting Initiative. Instead, sustainability needs to be fully integrated and embedded in every aspect of the organization (Marrewijk and Werre, 2003). Avery’s (2005) Sustainable Leadership Grid containing 19 elements offers a relatively comprehensive approach to assessing embedded sustainable leadership practices in organizations. The leadership philosophy and practices underpinning the Rhineland approach provide the research framework in the present study for examining business practices in one of the world’s largest instant noodle manufacturers? The present study’s purpose is to assess the applicability of this framework, developed from observations in western economies, to an enterprise in Thailand’s less developed economy.

Traditionally, sustainability grounds the development debate in a global framework, within which continuous satisfaction of human needs constitutes the ultimate goal (Brundtland, 1987). Accordingly, corporate sustainability refers to meeting the needs of a firm’s direct and indirect stakeholders (e.g. shareholders, employees, clients, pressure groups, communities), without compromising its ability to meet the needs of future stakeholders as well (Dyllick and Hockerts, 2002). Towards this end, firms are required to maintain and grow their economic, social and environmental capital bases. Sustainability is not inevitably achieved at the expense of business performance, rather research suggests that adopting management practices aimed at promoting sustainability can enhance a firm’s performance (Avery, 2005; Doppelt, 2003; Dunphy et al., 2003; Stone, 2000).

In this paper, an enterprise is regarded as ‘sustainable’ when over time it meets the following three conditions: (a) delivering strong financial performance, (b) demonstrating the capacity to endure economic and social difficulties, and (c) demonstrating the capacity to maintain a leadership position in its relevant market (Avery, 2005). The research framework, the enterprise, research methodology and findings are discussed below.

II. SUSTAINABLE LEADERSHIP: THE RESEARCH FRAMEWORK

Given the enormous diversity of the world, it is usual to find different leadership philosophies operating in different regions, sometimes competing, sometimes co-existing. Avery (2005) uses 28 case studies from regions as diverse as Asia, Europe, South Africa, and the US, to identify two fundamentally different ways of leading organizations in the developed world. In line with Albert (1992, 1993), she refers to these as Anglo/US and Rhineland leadership principles. These labels are not to be understood in a geographic sense, but denote different approaches to creating value. Research suggests that overall firms led by Anglo/US principles are less sustainable than Rhineland enterprises (Albert, 1992, 1993; Avery, 2005; Avery and Bergsteiner, 2010), and tend to perform less well than Rhineland organizations even on promoting overall shareholder value, which is probably the core aspect of the Anglo/US model. Rhineland-led companies outperform their Anglo/US-led competitors on a range of other criteria, including environmental and social measures. The supporting evidence for the greater sustainability of Rhineland enterprises on all three of these dimensions – financial, social, environmental – is mounting (Avery and Bergsteiner, 2010 and 2011; Bergsteiner and Avery, 2006).

The more socially-oriented Rhineland model stands in sharp contrast to leadership based on traditional Anglo/US capitalism (Avery, 2005). Nineteen criteria distinguish the two approaches, which support opposing sets of self-reinforcing leadership practices on each criterion. Although each criterion may be found in non-Rhineland enterprises, the criteria are concentrated under Rhineland leadership. Avery (2005) derived her 19 leadership practices initially from a major study of 13 European firms, but tested the model in a further 15 enterprises from all over the developed world. However, whether Rhineland leadership is relevant to less developed economies remains to be investigated. This paper addresses this gap by testing a proposition that “Rhineland leadership is relevant in a developing economy such as Thailand’s” using the case of Thai President Foods Public Company Limited.

Building upon Kantabutra’s (2011) and Kantabutra and Avery’s (2011) approach, Avery’s elements have been grouped into six core categories: adopting a long-term perspective, developing leaders from within the business, a strong organizational culture, supporting incremental and radical innovation, and adopting social responsibility and ethical behavior. Each category encompasses several of Avery’s 19 elements, as discussed under findings.

A. Long-term Perspective

Rhineland enterprises emphasize the long-term. The long-term perspective influences every aspect of Rhineland organizations, including strategic thinking, planning,

investment, growth and work processes, human resource policies, and stakeholder relationships (Avery, 2005). Sustainable prosperity requires a long-term view, showing that companies focused on the long-term outperform those with just a short-term focus (Mitchell, 2001). The Anglo/US emphasis on higher profits now can mortgage a firm's future long-term position (Kennedy, 2000). When a firm's leaders manipulate short-term profit results and fail to invest resources effectively, they jeopardize the firm's and others' long-term future (Avery and Bergsteiner, 2011). Some firms have removed themselves from the influence of the financial capital markets and outside investors to enable them to focus on the long term (Avery, 2005; Coggan, 2003). Some avoid listing in a stock market because of possible pressure to make short-term profits or decisions (e.g. Kantabutra, 2011).

Adopting the long term perspective, Rhineland enterprises avoid abrupt new changes and strategies. In particular, a long-term focus affects an organization's sustainability by reducing disruption when CEOs leave (Avery, 2005). Rhineland leaders regard themselves as being entrusted with the wellbeing of the business for future generations.

B. Staff Development

Developing staff is central to Rhineland businesses. They prefer to grow their own managers and develop their own employees rather than bring in outsiders (except when special skills are needed or internal candidates unavailable). A global study of CEOs leaving office concluded that appointing CEOs from outside the company is a high-risk gamble (Booz Allen Hamilton, 2003). The initially high performance of external CEOs slumps during the second half of their tenure and their organizations underperform those led by insiders by 5.5 per cent (Booz Allen Hamilton, 2003). Insiders value and continue the culture; outsiders can come close to destroying it. By preserving core values and ideals, firms strive for progress that enables them to change and adapt. This cohesive culture holds organizational members together even in difficult times.

Rhineland enterprises typically have extensive management and leadership development programs in place, and senior management takes a direct interest in these programs. Rhineland enterprises also develop employees' skills, making major financial investments in training and development. Training is available to all employees. Continuous staff development is consistent with taking a long-term perspective, including with retaining staff. Development pays off in various ways, including through increased productivity, profits, share price increases and shareholder value (Aguinis and Kraiger, 2009; Becker, Huselid, Pickus, and Spratt, 1997; Ichniowski and Shaw, 1999; Jacobs and Washington, 2003).

C. Organisational Culture

As noted above, Rhineland enterprises foster a strong organizational culture. Culture can be defined in terms of shared values or beliefs that provide the justification for people's behavior and help employees identify desirable behaviors (Deal and Kennedy, 1982). Organizations often manage their culture through statements of vision, values and/or philosophy designed to express core beliefs and the informal rules that guide members' behavior (Avery, 2005). Considerable evidence suggests that organizations with clearly articulated vision statements tend to perform better than those without (e.g.

Hamel and Prahalad, 1989; Kantabutra and Avery, 2002). Indications are that visions tend to be more effective for leaders who have a high level of discretion or control within their firm (Larwood et al., 1995). At first glance, Anglo/US CEOs would be expected to wield significant discretion and control. However, these CEOs are often measured on short-term criteria, and can be easily removed, potentially disrupting the organizational culture.

Rhineland organizations' strong cultures make them a "special place to work" (Avery, 2005), and their long-term perspective allows Rhineland organizations more time to communicate a vision and have it take effect. The nature of this "specialness" varies considerably in the details of a specific organization's culture, values and philosophy. However, many values recur within organizations characterized by Rhineland leadership: innovation, customer focus, high quality, excellence, protecting the environment and valuing people. By recruiting and retaining people who already share the core values, managers do not need to mold them. However, focusing on the short term does not give individuals time to integrate their own values with those of the organization; nor does it communicate consistent values to members (Schnebel, 2000). For these reasons, developing a strong culture in organizations can be difficult where staff turnover is high, and individual and organizational values are not aligned.

D. Innovation

Innovation is a major source of technological progress and economic growth (OECD, 2002). Radical innovation refers to major shifts in product lines and processes or developing entirely new goods/services, whereas incremental innovation entails continuous, small-scale improvements to processes, services and products to enhance quality (Hall and Soskice, 2001). Rhineland enterprises are champions of both kinds of innovation (Avery, 2005; Lawler et al., 1995), which helps make them successful. They invest in long-term R&D, maintain it even in difficult times, and continuously improve processes, services and products.

Rhineland companies take a much broader view of innovation than simply R&D investment: for them innovation involves turning inventions into customer solutions (Avery, 2005). Innovation is approached systematically within Rhineland firms, gathering ideas from the entire organization, including from a range of stakeholders such as employees, customers and suppliers. In general the Anglo/US short-term approach does not foster an innovation culture designed to increase the long-term wealth of companies (Mitchell, 2001), despite the fact that innovation and change become the preferred strategy in an increasingly boundaryless and interconnected world (Meyer, 2002). For example, cutting R&D and change budgets to meet quarterly growth targets make long-term innovation particularly difficult.

E. Social and Environmental Responsibility

Traditional Anglo/US leadership philosophy does not focus on corporate social responsibility or environmental protection, although pressure is mounting for firms to do so. Not doing so is short-sighted because numerous studies show that socially responsible European, UK and US firms match or outperform their counterparts commercially (e.g., Gelb and Strawer, 2001; Schueth, 2003; Watt, 2003). Socially responsible firms are associated with improved shareholder value among 500 Standard

and Poor firms and have been found to outperform their class financially against other indices (Hillman and Keim, 2001; Morgan Stanley and Oekom, 2004). Recently, research into Thai businesses by Kantabutra and Siebenhüner (2011) has found that geosocial development and broad stakeholder focus are direct predictors of firm's capacity to deliver competitive performance and indirect predictors of firm's capacity to endure social and economic crises in Thailand.

Social responsibility, including responsibility for the environment, underpins the corporate philosophy of Rhineland enterprises. Where there is a need to invest in being responsible on social and environmental issues, Rhineland enterprises will do so. Although there are demonstrable economic gains in being "a good corporate citizen", for many Rhineland organizations this is the "right thing to do", which leads to the next topic of ethical behavior.

F. Ethical Behaviour

Basically, ethical behavior involves "doing the right thing" and is strongly evident among Rhineland enterprises. It is considered essential for organizational sustainability, given the recent exposure of unethical accounting and other practices in failed public corporations such as Enron, and many others during the 2008 global financial crisis. Ethics are a form of risk management and can enhance a firm's reputation (Avery, 2005). Companies that run in transparent, ethical ways can retain investor confidence and maintain their reputations. At the enterprise level, ethics start with instilling desired values and behaviors into employees. Although corporate leaders perceived as having high ethics have greater success in obtaining employee understanding and commitment to realizing a strategy (Recardo, 2000), it is challenging for managers operating on a short-term focus to act ethically, because of pressures to show quarterly growth and profits.

The aforementioned sustainable practices and financial performance are linked because sustainable practices reflect good management, often lower costs, and enhance reputation and brand (Mays, 2003; Morgan Stanley and Oekom, 2004). They can also lead to better management of business risks and opportunities that also benefit investors and may make the enterprise less vulnerable to the effects of adverse events. Designing products and operations to be more sustainable also often increases profits and can generate savings through improved processes (Dunphy, 2004). These effects create a virtuous cycle in that better performing companies have more resources to invest in sustainable practices, which in turn should make them more robust to external events and more attractive to long-term investors and customers, and hence enhance their market value (Avery, 2005).

III. THAI PRESIDENT FOODS (TF)

Established in 1972, TF is among the world's top-ten largest instant noodle manufacturers. The main operational area of TF is in the food and beverage manufacturing business. With more than 50% of overall instant noodle market share, TF is positioned as the market leader for instant noodles in Thailand. Internationally, TF has had a constant growth and expanded in regions such as North America, Europe, Asia, and Oceania with an estimated annual capacity of 100 million packages per year.

TF appears to meet all three criteria for sustainable enterprises. First, TF has demonstrated its capacity to deliver strong financial performance over time. It has continued to make profit until 2010 regardless of economic ups and downs. The total revenue has continued to growth from 2005 to 2010 (see Figure 1). From 2005 to 2010, the company has had good liquidity. TF has also had high current ratios and high quick ratios, both highly greater than an acceptable ratio of 1 (see Figure 2). Additionally, in 2009 the company had a low interest debt of less than 10 million Baht comparing to high cash and cash equivalents of 1,860 million Baht (http://www.MAMA.co.th/investor_annual.php, accessed February, 2010). This demonstrates the company's strong financial stability.

Figure 1
Total revenues and net profits between 2005 and 2009

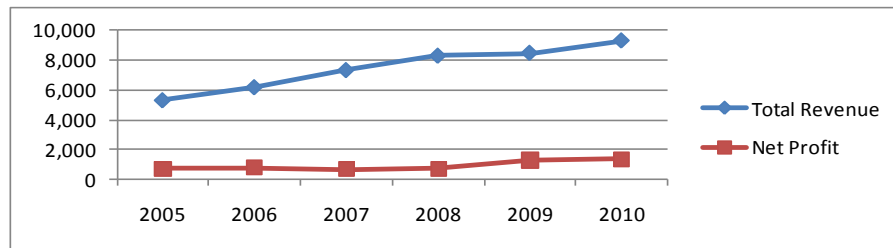
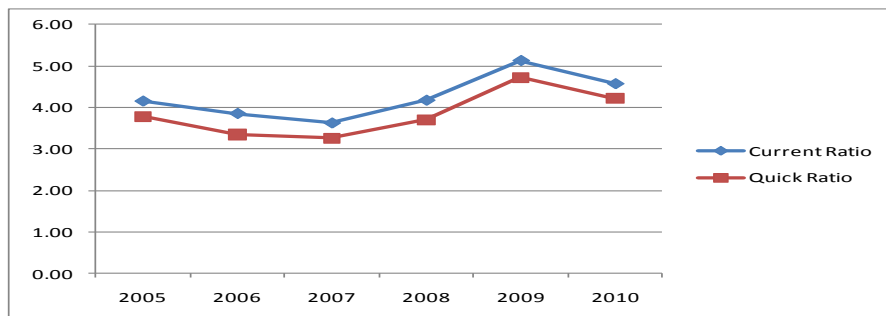


Figure 2
Current and quick ratios between 2005 and 2009



Second, it has demonstrated the capacity to endure a number of difficult economic and social situations. TF has encountered many cyclical ups and downs throughout its entire existence period, the 1997 Asian economic crisis, the subprime crisis in 2007-2008, the 2008-2009 petroleum crisis, and ongoing political crisis in Thailand. The company has been able to handle and guard against all negative impacts through its efficient financial management, investment and administration. These recent crises above have demonstrated that TF has the capacity to endure difficult economic and social situations.

Third, it is clear that Thai President Foods has the capacity to maintain a leadership position in its relevant market. It has gained leading market shares for many consecutive years. In 2008, TF had a 52.6% market share of Thailand's instant noodle market share, while those of the second and third were far apart at 23.0% and 21.2% respectively. While continuously maintaining its market leadership in 2010, TF's top product, "MAMA" cup noodles, significantly gained the largest market share of 61.2% in Thailand (Annual Report 2010).

As such, TF provides a suitable subject for the purpose of this paper, which is to investigate the extent to which a Thai enterprise engages in management practices matching the 19 Sustainable Leadership criteria attributed to Rhineland organizations. The methodology involving an extensive case study is described next.

IV. METHODOLOGY

Based on the research framework, a multi-data collection approach was adopted to collect data to explore the research proposition. Our research teams collected case study data that was supplemented by non-participant observations made during two visits in 2008 and 2011, and reference to documentation and information supplied by, or published about, the enterprise. Discussions were also held with the president, one senior executive, nine department managers, three staff members, one modern-trade customer (retailer), two consumers and two suppliers, all chosen on a convenience basis, in semi-structured interview sessions to determine if there is any fit between the research framework and the enterprise's business practices.

During the interviews, note-taking and videotape recording techniques were employed to record observations and responses to interview questions (Hussey and Hussey, 1997). A critical incident technique was used during the interviews to generate qualitative data (Hussey and Hussey, 1997). Probes and document analysis were also utilized to explore interview answers in more depth (Hussey and Hussey, 1997).

Overall, findings are matched to the Avery's (2005) research framework and found to encompass many sustainable leadership elements, as discussed below. The extent of conformity with Avery's elements, based on the data, has been classified as "least evident", "moderately evident" and "most evident", criteria of which are shown in Table 1 below. The extent to conformity is cross-checked with the six categories by using the following criteria: "least evident" (< 9 elements); "moderately evident" (≥ 9 but < 13 elements); and "most evident" (≥ 13 elements).

V. FINDINGS

From the observations and interviews, TF's leadership philosophy appears largely consistent with the research framework using the six core categories introduced above. Findings for each core category are discussed below. The core categories encompass a range of elements that Avery (2005) would predict in a sustainable Rhineland enterprise, and this framework is then used to summarize the results in Table 2.

Table 1
Criteria to assess the extent to which data are conformed to Avery's elements.

No.	Avery's grid elements	Least evident	Most evident
1	CEO concept: top team speaker	CEO is recognized as the hero.	CEO is not recognized as the hero, but another member of the organization.
2	Decision making: consensual	Decisions are being made by managers.	Consensual decision making abounds.
3	Ethical behavior: and explicit value	Ethics are not considered to be part of any decision making at all levels.	Ethics are taken into account in decision making at all levels.
4	Financial markets: challenge them	Organization tries to maximize its quarterly profit by all means.	Organization does not try to maximize its quarterly profit, but a long-term one.
5	Innovation: strong	Organization focuses mainly on R&D.	Organization focuses on both radical and incremental innovation.
6	Knowledge management: shared	Knowledge is not being systematically managed throughout the organization.	Knowledge management is an essential process of the organizational practice.
7	Long-term perspective: yes	Organization is not willing to invest in advance for long-term benefits.	Organization is not willing to invest in advance for long-term benefits.
8	Management development: shared	Many outsiders are appointed to management team.	Internal promotion abounds.
9	Organizational culture: strong	No common values are shared within the organization.	Shared common values are demonstrated throughout the organization.
10	People priority: strong	Organization focuses on shareholders rather than employees.	Organization is willing to invest in employees, despite times of crisis.
11	Quality: high is a given	Top quality does not necessarily have to be maintained due to cost cutting and speed.	Investments are made continuously to improve quality.
12	Retaining staff: strong	Layoffs are frequent.	Organization avoids laying off staff, even in times of crisis.
13	Skilled workforce: strong	People bring in generic skills.	Firm-specific skills are developed and nurtured.
14	Social responsibility: strong	Social responsibility is considered an expense.	Social responsibility is considered an ethical behavior and investment.
15	Environmental responsibility: strong	Environmental responsibility is considered an expense.	Environmental responsibility is considered an ethical behavior and investment.
16	Stakeholders: broad focus	Organization mainly focuses on shareholders.	Organization focuses on a wide range of stakeholders, including society, environment, customers, shareholders, future generations, minority groups and the rest of the society.
17	Teams: self-governing	Teams are directed and managed by employees, but with intervention from managers.	Teams are directed and managed by employees, without intervention from managers.
18	Uncertainty and change: considered process	Uncertainty and change are not managed at all, given relevant expenses.	The organization anticipates uncertainty and change in the future and is willing to invest to prepare for the change and uncertainty.
19	Union-management relations: cooperation	Unions and the top management have an adversarial relationship.	Unions and the top management work together constructively

Table 2
Sustainable leadership grid comparing Rhineland criteria and Thai President Foods

Rhineland Elements on the Sustainable Leadership Grid		TF	Extent to Conform			Relevant Categories					
			Least Evident	Moderately Evident	Most Evident	1	2	3	4	5	6
1	CEO concept: top team speaker	√									
2	Decision making: consensual	√									
3	Ethical behavior: an explicit value	√									
4	Financial markets: challenge them	√									
5	Innovation: strong	√									
6	Knowledge management: shared	√									
7	Long-term perspective: yes	√									
8	Management development: grow their own	√									
9	Organizational culture: strong	√									
10	People priority: strong	√									
11	Quality: high is a given	√									
12	Retaining staff: strong	√									
13	Skilled workforce: strong	√									
14	Social responsibility: strong	√									
15	Environmental responsibility: strong	√									
16	Stakeholders: broad focus	√									
17	Teams: self-governing	√									
18	Uncertainty and change: considered process	√									
19	Union-management relations: cooperation	?									

Total elements in conformity 18

Legend: √ = conforms; — = does not conform; ? = not known.

Category no.: 1 = long-term perspective; 2 = staff development;

3 = organizational culture; 4 = innovation; 5 = social and environmental responsibility; 6 = ethical behavior.

A. Long-term Perspective

Consistent with Avery (2005)'s Rhineland enterprises, TF adopts a long-term perspective with an emphasis on sustainable development. Its business strategies and plans focus mainly on long-term growth, not on short-term profit maximization. Although there is a high demand for its products, its businesses expansion is done with caution. Similarly, risks are considered and managed through product diversification, international expansion, joint investments with key suppliers and disciplined financial management.

“We are prudent about our business expansion since growing too fast and too much to grasp all big opportunities may lead us to unsustainable business growth. We expand according to our expertise and capacity. If we have no expertise and are uncertain about an investment, we will not risk investing in it.”

– A senior executive

Over decades, the company has diversified its instant noodle portfolio to other related food products and industries such as instant rice noodle, bakery as well as

confectionary. To manage risks from its supply side, the management team has invested heavily in businesses that produce materials for the company's production, allowing for effective control of price and quality of its products. Through joint investments with its key suppliers and foreign companies, new knowledge and technologies are transferred to TF to improve efficiency of its production process. For example, Daiichi packaging is its subsidiary producing film-wrapped package while Chongqing Taibao Paper Product is its Chinese joint-venture company supplying paper cups for its packaging.

Similarly, to minimize risks from the domestic market, TF has diversified its businesses domestically and internationally, although the company limits its overseas production and expansion to only 20% of the portfolio. The company has strategically established factories in international markets where it finds evidence of stable revenues over certain periods. Evidently, market risks can be minimized, while efficiency can also be enhanced.

“For countries that sales reach a certain stable level, we build a factory there. Because our products are bulky especially with a soaring fuel price and a high transportation cost. Therefore, for a market that has an adequate amount of sales, we construct a factory in that country. For example Cambodia and Myanmar, we have factories there.”

– TF President

“The domestic market is still the major focus due to our capacity and policy to gradually and sustainably grow, although we realize that there are big opportunities for international expansion.”

– A senior executive

For many years, uncertainty and change have been considered and managed at TF. Risk factors are identified and monitored to prevent any possible disaster. The company mainly emphasizes on growing its core businesses while selectively investing in businesses with minor risks. Conservatively, most of its investments are conducted through cash, not from loans. Its corporate policy stresses that the company should not be overly expanded and that its investments should be conducted to satisfy its stakeholders' interests, not for short-term maximization of shareholder value. With a long-term vision, TF is committed to interests of a wide range of stakeholders.

“We trust in our top management with the visionary, long-term perspective. They teach us to think long-term for a better future. Corporate policy also reflects the long-term perspective, not short-term gains. And this is one reason why our company has grown over the years.”

– A senior staff

“I find TF to be quite selective in choosing its suppliers. Everything has to be up to its high standard and meet regulated standard of the Thai Industrial Standards Institute. Indeed this may be the answer to why TF is known for its high quality products for decades. Being its supplier helps to enhance my company's reputation as well.”

– A supplier

Most evidently (18/19 elements), TF has strongly committed to sustainable growth through its long-term business strategies in many areas to ensure its longevity. Adopting a long-term perspective yields benefits to the enterprise in terms of financial gains and strong relationships with its stakeholders.

B. Staff Development

Like other Rhineland enterprises, TF prefers to promote within. Throughout its entire history, TF has preferred insiders to be CEO and top management team, linking to succession planning. A past incident that there was no effective successor after the president's retirement has triggered a need for developing a succession plan. TF has implemented a succession plan and knowledge sharing throughout the company to ensure that successors are ready when needed. Each department manager is responsible for identifying his/her successors. For example, each unit head, especially at the production plants, needs to select three potential successors for his position. In addition, knowledge and know-how are shared among its employees.

“Preparing successors is a must. Otherwise, we will be in trouble if we don't have one. We spend three to five years to develop people for this purpose.”

– A manager

“Our company has a systematic approach for succession planning and knowledge management. For example, in our department, we have a job rotation and a buddy system to help us to transfer knowledge and effectively learn from one another.”

– A senior staff

TF regards employees as the most important asset. Staff development becomes a key to its long-term success. Training at TF is available to all employees, not just elites or managers. To promote skilled workforces, regular trainings from internal and external trainers are conducted with various courses offered, including work-related and non-work-related (e.g. stress management and time management) ones. Employee competency is individually assessed and developed at TF.

“Employees are the most important asset of the organization. Therefore we continuously send employees to further their education. I'm one of the (about) 10 people the company sent to study for a master's degree (Executive MBA). We currently send employees to study for a doctorate degree too. We also send some employees to study Mandarin in China. We have a budget for this as we think employees are very important.”

– TF president

“There are various training courses throughout the year. Our manager usually sends us to attend, or we can propose our intention to join external training courses that we find beneficial for our competency development. The company gives us many opportunities to learn and grow.”

– A staff

Since people are given priority, employees are developed and empowered at all levels. A skilled workforce indeed enables knowledge sharing within teams. Self-governing teams and consensual decision-making can also be observed at TF, with some decisions made by individuals at lower levels. Each department works as a team and supports other departments and subsidiaries. Decision-making and communication are made both top-down and bottom-up. Its executive board usually holds a regular meeting with each department every Monday morning. Through a video conferencing, the top management holds a monthly meeting with all employees to communicate business results and news update. Employees get a chance to share their concerns and ideas during the conference. Thus, employees are empowered to make sound decision-making while developing their leadership capacity.

“At our company, decision-making is both top-down and bottom-up. While policy is done at the top, business development/marketing is more bottom-up initiatives. We share ideas and help make decisions together to some degrees.”

– A senior executive

“I really like our monthly meeting with the top management. I think that it is unique for our company where the president and top executives show us the business results. It helps us to understand what is going in our business and enables us to better work for the company.”

– A staff

Moderately evident (12/19 elements), TF focuses on staff development through its promotion-from-within policy and employee development across the enterprise. As such it becomes vital that TF retains its skilled staff, which the findings suggest that it does.

C. Organizational Culture

For decades, TF’s organizational culture is deeply rooted in shared values and vision among its employees, enabled by its internal management development, and it’s no layoff policy and a high staff retention rate. By growing its own management, its organizational culture and values can be passed on from one generation to another. Employees have never been laid off even because of short-term gains or installations of new automatic machines and new IT systems (e.g., SAP implementation). Its organizational culture has been maintained through its long-term perspective and genuine care for its employees.

“Even though we used machines to substitute manpower, we don’t lay-off people. We find new tasks for them. So employees can feel secured about their jobs. They can feel that the organization truly loves them.”

– A manager

“I have worked here for 10 years and never seen any lay-off. TF is well-known for its high job security. Most people want to work here because of it. We grow as the company grows. We love being here.”

– A long-term staff

Culture at TF is strengthened by its long-tenure, skilled employees. A majority of its workforce has worked with TF for over decades, some of which have been with TF since the company's inception. From its HR statistics in 2010, 53% of TF's 682 full-time employees have an average tenure of over 10 years with the company, and about 27% of them have worked over 20 years with the company. These long-tenure employees help to transfer their know-how and knowledge to their successors and newcomers through formal and on-the-job trainings. In 2010, its HR department at the headquarters reported only 2.6% turnover rate. Similarly, a single-digit turnover rate is also reported from different factory sites.

"For 14 years, I really feel good and warm working for the company. I can feel that the majority of us love the company. We are like a family. We respect each other and really value integrity and responsibility at work. I am proud of working here."

– A senior staff

Although TF has confronted a number of crises throughout the years, it could successfully pass such difficult periods owing to a strong bond of loyalty and full cooperation of its employees. In fact, its strong culture is nurtured by caring and family-like culture as well as its strong values of quality excellence, integrity, responsibility and transparency. Its open-minded culture also allows employees to be innovative. Clearly, employees are respected and considered as an integral part of TF's business.

"I like the fact that we are a public company that can be felt like a family. We can talk to each other with no worries and are willing to help one another. The company really walks the talk by taking good care of its product quality, its people, including staff, customers and the society."

– A staff

"Today we nurture an opened, bottom-up culture where employee ideas are heard and respected. We realize that front-line employee ideas count since they are facing daily operational issues and may have good ideas. We also announce our operating performance to all employees so that they know how we do and can help to support one another. It is a way to show our respect and transparency."

– A senior executive

Moderately evident (11/19 elements), TF fosters a supportive, family-like culture, enabled by its shared values and continuous people development, high employee retention and long employee tenure. Indeed, its strong organizational culture and long-term employee relationship have become key factors to its organizational success.

D. Innovation

Like other Rhineland enterprises, TF is committed to research and development in order to create more value for products, services, process, and new business models. The company has given a clear mandate for its policy to continuously develop and create high value-added quality products. Innovation at TF has helped it to maintain its

leader status. For example, *Jet Air Dried Noodles* or non-fried instant noodles that allow fast cooking by just adding water is an example of its innovative products to serve health-conscious consumers. Besides its pack noodles, TF invests in its new production lines to produce cup noodles in order to serve customers with greater convenience while responding to an fast-lane life style of Thai consumers. Its cup noodles product is the market leader in Thailand with the highest market share (Annual report 2010). To continuously innovate its products, its R&D unit has introduced about 70-80 new flavours of its instant noodles to the market.

“Our R&D continuously develops new products to serve customers and stay ahead of competitors. As the market leader, we constantly innovate.”

– A senior staff

“MAMA (its major instant noodle brand) often comes up with many new flavours. It is exciting to see unexpected new flavours e.g. its Black pepper pork whole wheat or its Stir-fried drunken noodle. I have been its fan for years and tried several of them. I think the company is innovative in terms of new flavour development.”

– A consumer

In addition to product development, TF fosters process innovation to enhance operational productivity and efficiency. For example, automatic packing machines are installed at the factories to optimize its process. To strive through the 1997 economic crisis, its strategy was to heavily reduce waste in working process. Reducing waste and increasing working efficiency resulted in an increase in profits.

“We invest to innovate a new technology to minimize our waste management in the production line. Currently our factories only have 0.1% waste.”

– A manager

Incremental innovation here also comes from individual employees' ideas. TF endeavours to be a knowledge-based organization. Recently, the company developed a “lessons learned” system for employees to share their experience with a purpose to improve their employee skills and knowledge (Annual Report 2010). This activity has indeed enabled its employees to gradually become more knowledgeable and skilled workforce.

“Our company gives importance to innovation and creativity. HR also provides training courses about innovation development for the employees.”

– A staff

“We give them (employees at lower levels) trainings, so that they have knowledge and their own opinions. Sometime we get pretty good ideas from an employees' suggestion box.”

– A manager

Moderately evident (9/19 elements), TF has promoted both radical and incremental innovation. Often, interests of a wide range of stakeholders have been

integrated into its innovation process. Consequently, innovation has been helping TF to maintain a leadership position in its relevant markets.

E. Social and Environmental Responsibility

TF conducts business with a philosophy that it must demonstrate a keen sense of responsibility and ethical conducts towards the best interests of its stakeholders from its customers, employees, and suppliers to the society. At the same time, the company must be acutely aware of all environmental considerations and of the well-being of the society and the nation as a whole. It realizes that its success means being responsible for the society and environment. Going beyond legal and regulatory compliance, TF adopts ISO 26000 as its voluntary guidance on social responsibility with an aim to contribute to sustainable development.

“Being responsible for society and environment means that we first start within ourselves by not creating problems for our society and environment.”

– A senior executive

“To stay strong, an enterprise must return profits to society. Otherwise the enterprise will not stay in the business for a long time. The short-term, profit-maximization policy should not be done these days.”

– A manager

For over a decade, the company never raised the price of its pack instant noodles to gain more profits, reasoning that pack instant noodles are the food for the less privileged people in the society. Although there was one time it raised the price during a petro crisis because the company could not afford a loss, it reduced the price of the instant noodle package to the previous lower price again after the petro price came down.

“We try to remain 5 Baht per pack for over 11 years since we know that consumers who buy this type of instant noodle are those who don't have a lot of money. They are either students or people with a low income.”

– TF President

“I have been eating MAMA since I was young. Although I am a grown-up now, I still eat it. I like it since the price is very affordable at 5 Baht, comparing to 20-30 Baht for a bowl of rice in markets today.”

– A long-term consumer

To ensure the highest safety of its consumers, TF produces its products according to the highest international quality standard, which can be observed throughout its supply chain. By working with its suppliers (e.g., chili growers), the company can source high quality supplies to ensure the highest product quality. In terms of the environment, TF strictly embraces ISO 14000 as its international standard on environmental management. The company also promotes healthy environment around its factories and invests in waste management systems at the factories.

“TF uses quality products for its production. That is why the company buys from us since our company only sells high-quality products. TF particularly strictly controls product quality, especially its packaged ingredient for instant noodles.”

– A long-term supplier

TF also contributes to the society anyway it can. Among others, the company was the first and only instant noodle manufacturer who added Iodine mineral to its instant noodles to help to solve a national issue of Iodine deficiency among the Thai population since 1997. Without publicity, the company donated pack instant noodles to victims of Tsunami in 2004. TF also commits to a greater social responsibility by initiating a project to support local agriculturist group in Ubonratchatane province to produce high quality dried chilies while offering them a fair price to increase their living standard (Annual Report 2010). In addition, TF plans to take care of its nearby communities by providing free swimming lessons and funding sport racing for children. Its focus is on seeking social benefits rather than short-term maximization of shareholder value and publicity. Consequently, it was awarded with a Prime Minister award for its social contribution in 2010.

“We believe that if you do good things, there is no need to make big news about it. We usually do what we can do, not for PR. Our policy is to do CSR for good causes, not for PR. We want to instil a mind-set about social and environmental responsibility from within through an employee engagement because CSR activities will not be sustainable if it is only an order from executives.”

– A manager

“I have seen the company donating its products to those in need like the flood victims in the South. So, I think that the company has done a good cause to help others in the society.”

– A modern-trade customer

As employees and their families are part of the society, the company takes good care of them by providing a package of competitive remuneration, good welfare and job security.

“The company gives a guaranteed satisfactory salary package for all employees, even for our workers at the factories, to ensure that their earning reflects the real cost of living. This way we take care of their living standard while providing their job security. This can be a reason why we have a high retention at TF.”

– A senior executive

Moderately evident (10/19 elements), TF demonstrates a genuine concern for the society and environment. Its social and environmental responsibility extends to a range of stakeholders and societies where it conducts business. The company invests in the society and environment by providing social benefits and long-term sustainable development. Clearly, TF is not doing so for short-term gains.

F. Ethical Behavior

Ethics has been an integral part of TF culture for decades, supported by its long-tenure staff, and shared values and knowledge. Its ethical principles and focus on social responsibility can be observed in many aspects. TF regards competence and moral integrity as important in contributing to sustainable growth for the organization and society. Therefore, ethical practices can be observed at every level of the company, and not always used to publicize the company.

“When we do something good to the society, we do not need to tell the public about what we do. If we publicize it, we don’t make merit.”

– TF president

“When dealing with TF employees, we find them to be straight forward and honest. The company pays according to terms and conditions as discussed. We never have any problems dealing with each other.”

– A supplier

Besides producing products with high quality standards, it ensures moral and ethical standards in its products and business practices. For example, there is no unethical collaboration between TF and its packaging subsidiary, Dai-Ichi Packaging Co., Ltd, given that fact that Dai-Ichi just lost a bid to its competitor that is an “outsider” to supply packaging materials to TF. Although TF has subsidiaries, it operates independently to stay competitive and to ensure the best for its customers.

“Entertainment or treats from suppliers are not accepted. Our employees do not go out, have diner or receive any kinds of gifts from our suppliers”

– A senior executive

Honesty and integrity are key ethical values that TF’s employees have embraced although there is no explicit written enforcement. There is no records of bribery or cheating anywhere in the company. Works are conducted with transparency which can be scrutinized at all times. Its ethical practices go beyond compliance of the Stock Exchange of Thailand or ISO. TF truly extends its ethical responsibility to encompass interests of various stakeholders.

“Although our products are at low prices, we always think of ways to increase quality of the products. So when consumers pay 5 Baht, they get a full value that they are supposed to get. We don’t take advantage of them.”

– A manager

“Being an ISO manufacturer, we strictly embrace ethical practices in our business conduct. In addition to following the compliance, people here love the organization, and so we take honesty and transparency seriously.”

– A staff

Mostly evident (13/19 elements), TF behaves ethically in many ways, including a genuine responsibility for the society which extends beyond laws and regulations. The focus is clearly on stakeholders rather than the shareholders' interests. Ethics and social responsibility is deeply rooted in its core values and has always been the key factor for TF's success in Thailand and abroad.

VI. CONCLUSION

The close match between the Rhineland elements and TF's practices endorses Rhineland leadership as relevant to an enterprise in less developed economies, such as Thailand's. The results of this study suggest that enterprises in Thailand, seeking to sustain their organizational success, can usefully adopt Avery's 19 Sustainable Leadership Grid elements to evaluate their sustainability performance and guide their progress toward more sustainability. The results also leave the way open for future researchers to similarly examine other ASEAN companies.

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