

Predicting Corporate Sustainability: A Thai Approach

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ABSTRACT

In the corporate world, the Thai philosophy of Sufficiency Economy can be applied to ensure corporate sustainability. This paper adopts Kantabutra et al. (2010)'s ten "Sufficiency Economy" leadership practices to derive measures for corporate sustainability and adopts Avery (2005)'s measures of sustainability performance. A structural model expressing relationships between the two groups of measures is formed accordingly, followed by hypotheses.

A convenient sample comprises 112 middle-level managers and business owners who were asked to respond to a questionnaire. Factor and regression analyses are adopted to test the relationships. Findings indicate that (a) perseverance is a direct predictor of firm's capacities to deliver competitive performance, endure crises, and maintain a market leadership; (b) geosocial development and broad stakeholder focus are two direct predictors of firm's capacity to deliver competitive performance; (c) resilience and moderation are two indirect predictors of firm's capacity to deliver competitive performance; (d) geosocial development, broad stakeholder focus, moderation, and resilience are four indirect predictors of firm's capacity to endure crises; and (e) geosocial development, moderation and resilience are three indirect predictors of firm's capacity to maintain a market leadership. Managerial implications are discussed.

Keywords: Leadership; Sustainable Leadership; Sufficiency Economy Philosophy; Entrepreneurship and Small Business

Corporate sustainability has become a mantra for business leaders of the 21st century and beyond, possibly because increasingly rapid change has had a fundamental impact on business organizations since the 1980s. Most of these organizations operate on the 'Anglo/US capitalism' model of short-term maximization of shareholder value, arguably bringing about corporate instability and imbalance. Some organizations therefore have survived and thrived, but others have not. The notion of a 'business case' for corporate sustainability has as a consequence increasingly been used by the corporate sector, environmental organizations, consultancies and so on, to seek justification for sustainability strategies within organizations (Oliver, Aileen & Ulrich, 2005).

Significant discussion about corporate sustainability has also been generated in the business, academic, and popular press in recent years. In practice, firms, predominantly in the West, recognize the need manage corporate sustainability within their businesses. Today most managers have accepted corporate sustainability as a precondition for doing business (Hedstrom et al., 1998; Holliday, 2001; IFOK, 1997). Evidently, a group of concerned business leaders formed the World Business Council for Sustainable Development (WBCSD) in order to facilitate the dialogue with politicians about the means of reaching sustainability. The WBCSD has grown to a coalition of about 180 international companies in 2006 (WBCSD, 2006). Numerous firms in the West have also appointed Corporate Sustainability Officers, published sustainability reports (SustainAbility, 2000), and incorporated sustainability into their corporate communication strategies.

Similarly, numerous scholars around the world (e.g. Avery, 2005; Kantabutra, 2006; Piboolsravut, 2004; Wilson, 2003) are seeking an alternative approach to the prevailing Anglo/U.S. business model which promotes a short-term, shareholder-value approach and arguably does not lead to sustained business success. Scholars (e.g. Avery, 2005; Bennis, 2003) criticize that the Anglo/U.S. approach to capitalism and business is seriously flawed,

and does not bring the quality of life to individuals and societies that many people desire. Bennis (2003) even asserts that the emphasis solely on short-term financial results is reckless and leads to short-term-ism, lying and scandals, all of which undermine the prospect of corporate sustainability.

What is then a possible alternative? In Europe, the Rhineland capitalism model is seen as an alternative approach to corporate sustainability (Avery, 2005). In Rhineland capitalism, an enterprise is an institution that serves anyone who "holds a stake" in its operation, specifically: clients, suppliers, employees, stockholders, and the surrounding social community. 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 quest for an approach to corporate sustainability appears similar in Asia. South-East Asian businesses for example often work under a model that relies on governments taking an active role in creating, shaping and guiding markets. They require firms to take considerable responsibility for the social welfare of their employees (Stiglitz, 2002). Most businesses in Thailand, however, adopt the Anglo/U.S. approach of short-term, shareholder-value to business (Kantabutra, 2006), the reason many went bankrupt in the 1997 Asian economic crisis. An approach called Sufficiency Economy philosophy was then reiterated by His Majesty King Bhumibol Adulyadej as an approach to corporate sustainability in Thailand (Kantabutra, 2006).

In terms of defining corporate sustainability, some defines it as having a capacity to balance among the "triple bottom line", which includes measuring financial performance, corporate social responsibility and environmental outcomes (Rogers, Jalal & Boyd, 2008). Others (e.g. Avery, 2005; Kantabutra & Avery, 2011) define corporate sustainability as an enterprise that has a capacity to deliver strong financial performance, endure difficult economic and social situations, and maintain a leadership position in its relevant market. Most recently, Avery & Bergsteiner (2010) suggest that a sustainable enterprise is one that has excellent brand and reputation, enhanced customer satisfaction, solid financial and operational performance, long-term shareholder value and long-term stakeholder value. However, not much literature reports sustainability performance indicators, a contribution of the present study which adopts the philosophy of Sufficiency Economy as the approach to corporate sustainability.

The following sections introduce the Thai 'Sufficiency Economy' philosophy. We then discuss available empirical evidence that endorses the philosophy, and the literature on sustainability performance outcomes is reviewed. Accordingly, measured items for Sufficiency Economy corporate sustainability and sustainability performance are derived. We then propose a model linking Sufficiency Economy corporate sustainability measures to sustainability performance measures, followed by relevant hypotheses. A methodology for testing the hypotheses is discussed, followed by a series of regression analyses. Then, findings and managerial implications are discussed respectively.

CONCEPTUAL BACKGROUND

Thailand's Sufficiency Economy philosophy stems from remarks made by His Majesty King Bhumibol Adulyadej throughout his 58 years of the throne (NESDB, 2004a). It stresses the 'middle' path as the overriding principle for Thai people's conduct and way of life at the individual, family, and community levels. Within the philosophical framework, choice of balanced development strategies for the nation in line with the forces of globalization is allowed, with the need for adequate protection from internal and external shocks. In particular, after the Asian economic crisis in 1997 in which numerous business organizations in Thailand went bankrupt, His Majesty reiterated the philosophy as the way to recovery that would lead to a more resilient and sustainable economy (NESDB, 2004b).

The Sufficiency Economy philosophy framework comprises three components and two underlying conditions (Piboolsravut, 2004). First, Sufficiency entails three components: moderation, reasonableness, and resilience or requirement for a self-immunity system, i.e. the ability to cope with shocks from internal and external changes. Second, two underlying conditions necessary to achieve Sufficiency are knowledge and morality. Sufficiency Economy requires breadth and thoroughness in planning, carefulness in applying knowledge, and the implementation of those plans. As for the moral/ethical condition, Sufficiency Economy enforces the conditions that people are to possess -- honesty and integrity -- while conducting their lives with perseverance, harmlessness and generosity. The Sufficiency Economy philosophy serves as a guide for the way of living/behaving for people of all

levels, and is scalable with universal domain applicability, including business organizations (Piboolsravut, 2004).

More specifically, a theoretical model has been developed for business organizations (Kantabutra, 2006). This model, derived from the empirical and theoretical literature, suggested that corporate leaders wishing to sustain their business success espouse a vision characterized by clarity, brevity, stability, challenge, abstractness, future orientation, and desirability or ability to inspire. Moreover, content of the vision should contain reference to moderation, reasonableness, the need for self-immunity mechanism, knowledge and morality. A corporate leader espousing such a vision should then develop a business strategy and plan to achieve the vision, communicate the vision to organizational members, realign organizational processes to suit the vision, empower and motivate organizational members. The leader should also be passionate about the vision, emotionally committed to the vision, and behave consistently with the vision. As for organizational members, they should share the leader's vision, be emotionally committed to the vision and use the vision to guide their daily business activities. A leader who does so can expect to be able to sustain his/her business performance in the long run.

RESEARCH BACKGROUND

Sufficiency Economy research into business organizations is scanty. Among the first few studies, Puntasen et al. (2003) reviewed royal speeches and business examples His Majesty King Bhumibol Adulyadej initiated to derive seven business practices from 296 sustainable SMEs that are consistent with the philosophy of Sufficiency Economy. These Sufficiency Economy business practices are as follow: (1) appropriate use of technology (i.e. use of inexpensive, but technically sound technology); (2) appropriate manufacturing capacity consistent with business's ability to manage; (3) no greed and focus on short term profits; (4) emphasis on honesty in entire business operation. (i.e. fair to consumers, workers, customers and suppliers); (5) emphasis on risk diversification (i.e. various products and/or ability to adjust products); (6) focus on "down side risk management" (i.e. do not create unmanageable debts); and (7) focus on responding to local, regional, domestic and international markets respectively.

Later on, Kantabutra's (2010) study explored the application of His Majesty King Bhumibol Adulyadej's Philosophy of Sufficiency Economy. Adopting the philosophy as a research framework, the study examined business practices of 302 business enterprises, predominantly SMEs, all of which had been tested for their capacity to sustain their organizations through, not the least, the 1997 Asian Economic crisis. The study found that some common business practices among these enterprises are consistent with the philosophy. These enterprises: (a) adopted a long term perspective in running their organizations and did not maximize only short-term profitability; (b) genuinely valued their employees and did not lay off any employee during the economic crisis; (c) were accountable for a wide range of stakeholders, including the society and environment, as shown by their business activities; and (d) nurtured innovation in their products and business processes. The present study also examined 19 business practices as identified from 28 sustainable enterprises in the West, and found that these 19 business practices are consistent with the philosophy and share some commonalities with the Thai business practices identified earlier.

Accordingly, ten Sufficiency Economy Business Practices are derived from both the Thai and Western studies: (1) adopt a long term perspective in running an enterprise. Do not try to maximize short-term profitability; (2) genuinely value and continuously develop employees. Do not lay off employees even in times of economic difficulty; (3) genuinely concern for a wide range of stakeholders including future society and generations; (4) nurture innovation throughout the entire organization; (5) utilize resources effectively and efficiently; (6) adopt and/or develop technologies that are effective, but inexpensive. In particular, technologies developed from Thai wisdoms must be given priority; (7) carefully and gradually expand the business. Do not expand it because of a surge in market demand for products or services; (8) minimize risks by diversifying products, markets and investment portfolios. The diversification must be based on core competencies of the business; (9) share with others, including knowledge sharing with competitors to develop the market to benefit the society and consumers; and (10) develop an organizational culture with ethics, perseverance and diligence as core values.

Built upon the prior study by Kantabutra (2010), Kantabutra et al. (2010) study examined corporate leadership practices of five large companies listed in the Stock Exchange of Thailand. Data included interviews, observations, public information such as newspapers, websites, previous studies, and ten-year annual reports. The

broad objective was to determine if business practices of the listed companies were consistent with Sufficiency Economy Business Practices previously derived by Kantabutra (2010). As a result, ten Sufficiency Economy Leadership Practices were derived, which can be used to inform a development of corporate sustainability policies. They are as follow: (1) adopt a long-term perspective in running an enterprise. Do not try to maximize short-term profitability, but consider the consequence in the long run. This includes anticipation of future trend and change and investment in people and organization to prepare for future change; (2) genuinely concerned with employees by continuously developing and retaining them even in time of economic and social crises. Promotion from within the organization is given priority; (3) genuinely concerned with a wide range of stakeholders, including future generations and society, even though doing so means more expenses; (4) nurture incremental and radical innovation throughout the entire organization; (5) promote effective and efficient utilization of resources; (6) develop manufacturing or service technology which is not expensive but effective, with a focus on utilizing Thai wisdoms; (7) expand the business carefully, although doing so may limit short-term profitability; (8) manage risks by having a variety of products, markets and investments, based on core competency of the organization; (9) share, including knowledge sharing with competitors to develop relevant market and to maximize benefits for consumers and society; (10) develop a strong organizational culture, characterized by ethics, perseverance, diligence and innovation.

More recently, a study at a Thai healthcare services provider (Kantabutra, 2011) examined the approach of sustainable leadership within the organization, finding six core sets of practices, which are consistent with the Sufficiency Economy philosophy. The six core sets of practices to support sustainable leadership are the following: (1) adopting a long-term perspective, (2) staff development, (3) organizational culture, (4) innovation, (5) social responsibility, and (6) ethical behavior. The study was conducted using the case study approach, applying multi-data collection methods, which included non-participant observations made during visits to the enterprise, and reference to internal and published documentation and information. Additionally semi-structured interview sessions were held with stakeholders, including top management, staff, patients and a former consultant.

Accordingly, findings revealed that: (a) adopting a long-term perspective leads to better management of business risks and opportunities and makes the healthcare organization less vulnerable to the effects of ad-hoc adverse events; (b) continuous staff development and promotion from within have helped the healthcare organization to retain firm-specific knowledge and skills, allowing it to respond more effectively to changes in the business environment; (c) establishing an organizational culture and by putting organizational interests above individual interests, has helped the enterprise to successfully ride out an economic and social crisis; (d) driving innovations helps to generate benefits for general stakeholders, simultaneously enhance service quality, manage knowledge and helps to deal with uncertainty and change within the organization; (e) social responsibility enhances the reputation and brand of the organization, by providing social benefits rather than short-term shareholder profits, such as sharing of knowledge and training professionals who end up working for competitors; (f) ethical behavior has helped the organization to build trust among stakeholders and to be consistent with its social vision, though obviously reducing short-term profits.

Based upon the literature review above, 122 corporate sustainability measured items are derived. They are tested through a series of factor analyses, revealing five final domain constructs with reduced measured items as follow: (1) geosocial development, (2) broad stakeholder focus, (3) perseverance, (4) moderation and (5) resilience.

Geosocial development in the current study was operationally defined as the extent to which a respondent indicated that his organization:

- is willing to help to train competitors;
- assigns a group of employees for social development;
- will be recognized by the public as socially responsible;
- operates while continuously developing the society;
- is willing to allow competitors to observe operations;
- assigns a group of employees for environmental development;
- is willing to invest to protect the environment and society although this investment incurs one time as much the cost;
- has systematically prepared a budget and plan for social development;

- has a procedure to encourage employees to go out to develop the community;
- continuously and systematically promote environmental development activities;
- systematically promotes environmental protection and development among employees;
- trains employees on life skills development (e.g. meditation, stress management);
- recruits only socially responsible people;
- has employees that are willing to sacrifice their self interests for the company's benefits; and
- always conducts activities that will carry on tradition and culture;
- tries to preserve natural resources for future generations;
- continuously attempts to restore national resources (e.g. forest, land, water);
- systematically encourages employees to train on life skills development;
- recruits only people who value "Thainess";
- will be recognized by the public as environmentally responsible.

Broad stakeholder focus in the present study was operationally defined as the extent to which a respondent indicated that:

- competitors should share knowledge;
- shareholders or owners are not the most important stakeholders e.g. managers should not try to always maximize their values.
- the objective of CSR activities is not to bring more profits in the future;
- employees best utilize their time and efforts in their work;
- stakeholders of their company are not only customers, employees and shareholders or owners;
- small firms can be socially responsible, despite limited financial resources;
- employees are always accountable for what they do;
- employees always think of consequences of their action before taking an action; and

Perseverance in the present study was operationally defined as the extent to which a respondent indicated that his organization:

- has a system to promote innovation development in products, services and/or processes;
- has employees with initiative in developing products and services continuously;
- has employees that do not take a leave unnecessarily since they feel accountable for their assignment;
- has employees that are goal-oriented.
- My always plans and executes the plan accordingly;
- has employees that try their best to deal with company's problems, not just a quick fix;
- has employees that try their best to maximize customer satisfaction; and

Moderation in the present study was operationally defined as the extent to which a respondent indicated that his organization:

- does not aim at always expanding the business;
- has high performing managers that not always are those who can maximize profits within the shortest period of time;
- does not have a policy to promote products and/or services to maximize short-term profits;
- consider half-truth to promote products and/or services as not acceptable, although the company does not lie to customers; and
- does not see CSR activities as an investment in image building;
- does not have a policy to set a price to maximize short-term profits;
- does not consider market expansion as always being good e.g. more market share does not always cause better performance;
- sees employee layoff as not being the most effective way to reduce costs in time of financial crisis.

Resilience in the present study was operationally defined as the extent to which a respondent indicated that his organization:

- always searches for clean energy to use;
- develops technology that is consistent with its corporate strategy;
- effectively manages new products/services until they are commercially successful.
- continuously develops manufacturing/service processes to minimize loss of resources;
- manages technology by planning on technology utilization and development in products, services and processes well in advance; and

Scale and analysis details will be discussed in the following Methodology Section.

CORPORATE SUSTAINABILITY PERFORMANCE OUTCOMES

Since the literature on corporate sustainability outcomes is scanty, the present study adopts Avery (2005)'s definition of a sustainable enterprise as the basis to derive corporate sustainability outcomes. According to Avery, an enterprise is sustainable when it can deliver strong financial performance, endure difficult economic and social situations, and maintain a leadership position in its relevant market. Based on these three criteria, thirty two measured items are derived. They are tested through a series of factor analyses, revealing three final domain constructs: (1) capacity to deliver competitive performance, (2) capacity to endure economic and social crises, and (3) capacity to maintain a market leadership position. Analysis details will be discussed in the Methodology Section.

Capacity to deliver competitive performance was operationally defined as the extent to which a respondent indicated that his organization:

- is recognized in the market as a leader.
- has a significant market share as compared to competitors.
- has competitors that recognize his organization as a leader.
- has competitive overall performance in the market.
- has a good environmental preservation according to external evaluator reports.

Capacity to endure social and economic crises was operationally defined as the extent to which a respondent indicated that his organization:

- can get back on track quickly after a crisis.
- can always successfully go through crises.
- can always respond to unexpected technology change.
- has trade partners, including suppliers, who never leave his organization in time of difficulty.
- has customers who never leave his organization even in time of crises.
- always has a market for products and services.

Capacity to maintain a market leadership was operationally defined as the extent to which a respondent indicated that his organization:

- is competitive in terms of product, service and process innovation.
- has overall competitive quality of products and services.
- has trade partners who are satisfied with working with his organization.
- has 50% of total customers as repeated customers.

STRUCTURAL MODEL

Based on the literature review, a structural model (*Figure 1*) is derived, expressing direct, positive relationships between the independent variables of geosocial development, stakeholder focus, perseverance, moderation and resilience, and the dependent variables of capacity to deliver competitive performance, capacity to endure economic and social crises, and capacity to maintain a market leadership. These relationships are positive since the literature appears to indicate that the more a business practices along the philosophy of Sufficiency Economy concept, the more sustainable the business will be.

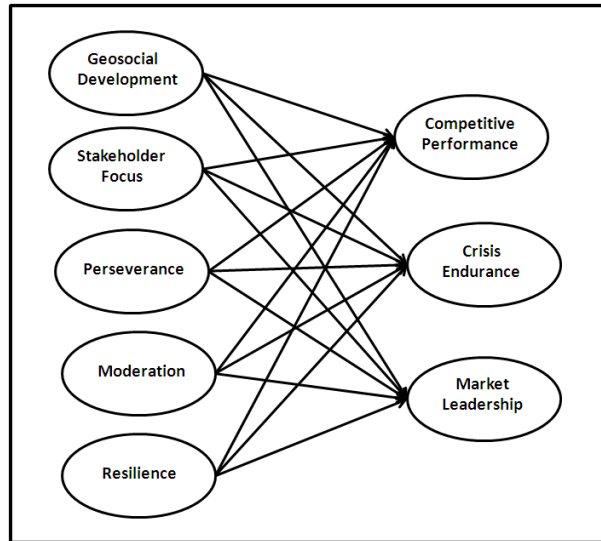


Figure 1. Structural model

Based on the structural model, fifteen directional hypotheses are advanced accordingly.

- H₁:** Geosocial development is a direct predictor of firm’s enhanced capacity to deliver competitive performance
- H₂:** Geosocial development is a direct predictor of firm’s enhanced capacity to endure social and economic crises
- H₃:** Geosocial development is a direct predictor of firm’s enhanced capacity to maintain a market leadership
- H₄:** Stakeholder focus is a direct predictor of firm’s enhanced capacity to deliver competitive performance
- H₅:** Stakeholder focus is a direct predictor of firm’s enhanced capacity to endure social and economic crises
- H₆:** Stakeholder focus is a direct predictor of firm’s enhanced capacity to maintain a market leadership
- H₇:** Perseverance is a direct predictor of firm’s enhanced capacity to deliver competitive performance
- H₈:** Perseverance is a direct predictor of firm’s enhanced capacity to endure social and economic crises
- H₉:** Perseverance is a direct predictor of firm’s enhanced capacity to maintain a market leadership
- H₁₀:** Moderation is a direct predictor of firm’s enhanced capacity to deliver competitive performance
- H₁₁:** Moderation is a direct predictor of firm’s enhanced capacity to endure social and economic crises
- H₁₂:** Moderation is a direct predictor of firm’s enhanced capacity to maintain a market leadership
- H₁₃:** Resilience is a direct predictor of firm’s enhanced capacity to deliver competitive performance
- H₁₄:** Resilience is a direct predictor of firm’s enhanced capacity to endure social and economic crises
- H₁₅:** Resilience is a direct predictor of firm’s enhanced capacity to maintain a market leadership

METHODOLOGY

The sample is convenient and comprises 112 mid-level managers and business owners in Bangkok who were willing to participate in the study. The questionnaire was developed in Thai to ensure sufficient validity. A six-

point ordinal scale from “most disagree” (1) to “most agree” (6) underlay all questionnaire items measuring the domains in Figure 1. The questionnaire collected data on the geosocial development, stakeholder focus, perseverance, moderation, resilience constructs, and the three constructs of capacity to deliver competitive performance, to endure crises and to maintain a market leadership.

Each respondent was asked to indicate the extent to which his/her firm’s practices are consistent with measured items on geosocial development, stakeholder focus, moderation, perseverance and resilience (see Tables 1-5). The respondent was also asked to indicate the extent to which his/her firm’s sustainability performance outcomes are consistent with measured items on capacity to deliver competitive performance, to endure social and economic crises and to maintain a market leadership (see Table 6).

Combining scores of sub-variables to form each of the other independent measurement domain constructs is considered justified, because they are adjusted according to results of a factor analysis with all factor loadings loaded at 0.5 or higher. After all combinations, construct validity for all constructs is therefore sufficiently present.

Cronbach’s alphas are employed to confirm the reliability of geosocial development (0.96), stakeholder focus (0.87), perseverance (0.85), moderation (0.86), resilience (0.82), competitive performance (0.82), crisis endurance (0.84), and market leadership (0.75) variables. All scales display Cronbach’s alpha values exceeding or close to 0.8, an acceptable reliability value.

Since the literature consistently indicates that the philosophy of Sufficiency Economy positively impacts corporate sustainability performance, one tailed tests are adopted at the 5% level of significance for testing Hypotheses 1 - 15. In testing Hypotheses 1-15, a hierarchical regression is adopted in the present study. It must be noted that a significant direct effect or significant direct relationship is defined in the present study as an effect from an observed independent variable that is “significant” at $p < 0.05$ when all other observed independent variables are simultaneously entered into a regression analysis.

RESULTS

Of the descriptive data provided (83 out of 112), 78.80% of the sample indicate that their businesses trade within Thailand, 67% of which are not publicly listed and 27.8% are from the service industry. Forty-three percent of the sample indicate that they are from medium-sized companies with a Thai ownership (80.3%). Most of these companies (19.7%) have been around between 6-10 years. Seventy-six point six percent of the respondents indicate that their top managers (or themselves) are Thai.

Regression results indicate (see Tables 1-3) that H1, H4 and H7-9 are supported, while the rest are not.

Table 1. Regression table for geosocial development, stakeholder focus, perseverance, moderation and resilience on firm’s capacity to deliver competitive performance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.837	3.350		-.250	.803
	Geosocial	.066	.022	.303	2.989	.003
	Stakeholder	.102	.048	.189	2.145	.034
	Perseverance	.583	.074	.672	7.928	.000
	Moderation	.034	.046	.056	.735	.464
	Resilience	-.191	.103	-.175	-1.847	.068

a. Dependent Variable: Competitiveness

Geosocial development, stakeholder focus and perseverance are three direct predictors of firm’s enhance capacities to deliver competitive performance.

Table 2. Regression table for geosocial development, stakeholder focus, perseverance, moderation and resilience on firm’s capacity to endure social and economic crises

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.607	3.699		2.326	.022
	Geosocial	.027	.024	.125	1.092	.277
	Stakeholder	.054	.053	.102	1.022	.309
	Perseverance	.451	.081	.532	5.553	.000
	Moderation	.052	.051	.089	1.026	.307
	Resilience	.005	.114	.004	.040	.968

a. Dependent Variable: CrisisEndurance

Perseverance is the only direct predictor of firm’s enhanced capacity to endure social and economic crises.

Table 3. Regression table for geosocial development, stakeholder focus, perseverance, moderation and resilience on firm’s capacity to maintain a market leadership

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.977	2.404		3.318	.001
	Geosocial	-.010	.016	-.069	-.603	.548
	Stakeholder	.015	.034	.045	.449	.654
	Perseverance	.324	.053	.587	6.131	.000
	Moderation	.028	.033	.072	.833	.407
	Resilience	.034	.074	.049	.455	.650

a. Dependent Variable: MKTLeadership

Perseverance is the only direct predictor of firm’s enhanced capacity to maintain a market leadership.

In terms of indirect effects, regression results indicate that resilience and moderation are two indirect predictors of firm’s enhanced capacity to deliver competitive performance. Geosocial development, stakeholder focus, moderation, and resilience are four indirect predictors of firm’s enhanced capacity to endure social and economic crises. Lastly, geosocial development, moderation and resilience are three indirect predictors of firm’s enhanced capacity to maintain a market leadership.

DISCUSSION OF THE FINDINGS

As pointed out earlier, the Sufficiency Economy philosophy aims to create general sustainability. According to the philosophy, this can also be applied to business organizations. The findings here endorse the applicability of the philosophy as an approach to corporate sustainability because perseverance, resilience and moderation are found to have an impact on sustainability performance in the present study. Moreover, from the previous studies (Kantabutra, 2010) in the literature, Sufficiency Economy business practices include broad

stakeholder focus and geosocial (social and environment) development. Both stakeholder focus and geosocial development are found to create effects on sustainability performance in the present study as well.

Perseverance is found to be a direct predictor of all three domains of sustainability performance. First, it directly predicts firm enhanced capacity to deliver competitive performance. Moreover, it also directly predicts firm enhanced capacities to endure difficult social and economic crises, as well as firm enhanced capacities to maintain a market leadership. These findings are generally endorsed by Kantabutra et al. (2010) in which five listed sustainable companies, being all leaders in their relevant market, have successfully went through crises.

Geosocial development and broad stakeholder focus are two direct predictors of firm enhanced capacity to deliver competitive performance. These findings are endorsed by a previous study by Kantabutra (2010) in which three-hundred-and-two business enterprises managed to sustain their organizations through the Asian economic crisis in 1997 by being accountable for a wider range of stakeholders, including the society and environment.

In addition to the direct predictors, the present study also uncovers indirect predictors. Resilience and moderation are found to be indirect predictors of firm enhanced capacity to deliver competitive performance. Even though resilience and moderation are not directly significant with corporate sustainability performance, they still create an indirect, positive effect on the outcome of corporate sustainability performance. These findings are endorsed by Kantabutra (2010) in which both moderation and the requirement of a resilience system are found to be two common practices among the three-hundred-and-two sustainable enterprises and are also consistent with the two components of the Sufficiency Economy philosophy, ensuring balance and sustainability within business organizations.

Geosocial development, broad stakeholder focus, moderation, and resilience are four direct predictors of firm enhanced capacity to endure social and economic crises. These findings are endorsed by a more recent study by Kantabutra (2011) in which a leading Thai healthcare organization managed to successfully go through social and economic crises by being genuinely responsible for a wide range of stakeholders, including the society that in turn assisted the organization in times of economic difficulty; by not maximizing short-term profitability; and by diversifying their services.

Geosocial development, moderation, and resilience also indirectly predict firm enhanced capacity to maintain a market leadership. These findings are endorsed by Kantabutra et al. (2010) study because all of the five listed companies are leaders in their relevant markets. All of them are environmentally and socially responsible, do not maximize short-term shareholder value, and try to diversify their products and markets.

MANAGERIAL IMPLICATIONS

Due to the findings of the present study, it is advisable for managers who wish to sustain their long-term success by staying competitive, having capacities to endure economic and social crises and maintain a market leadership to give priority to the identified practices of *perseverance*, *geosocial development* and *broad stakeholder focus* because they directly predict enhanced corporate sustainability performance.

Even though the indirect predictors have a lower significance, it is recommendable to the managers to adopt the identified common practices of both *moderation* and *resilience*, as they still have a measurable, positive effect on corporate sustainability performance.

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