

Sustainable Development Strategies and Firm Competitiveness: A Case Study of SCG

Ariyasith Chaimanat*

Abstract

Sustainable development has become of interest in the global context. This concept has been widely accepted for both corporate level and national level upon each unique context. For corporate level, many companies have adopted sustainable development into their framework for creating sustainability of the organizations. This study focus on the case study of SCG since this company has been regarded as the role model of sustainable development for Thai companies which has received international accreditation. This paper intends to study the factor driving the implementation of sustainable development of SCG and the creation of its competitiveness. From the result of the study, it suggests the model for driving sustainable development toward the firm competitiveness. The model is based on the integrated approach consisting key indicators related to sustainable development which has been synthesized from SCG case study. Due to the limitation of academic studies on the linkage between sustainable development and competitiveness, the proposed model in the study could be used as the guideline for further research on this issue. The conclusion of this study finds that the implementation of sustainable development would positively reflect on the firm competitiveness in the long-term. Finally, this paper also provides recommendations of how companies could adopt such strategies into their own organizations and how government could support sustainable development in the country.

Keywords: Sustainable development, firm competitiveness, Siam Cement Group (SCG)

* Unitd Pulp and Paper Co., Inc.

E-mail: jochaimanat@hotmail.com

กลยุทธ์การพัฒนาอย่างยั่งยืน ความสามารถในการแข่งขันขององค์กร: กรณีศึกษา เอสซีจี

อริยสิทธิ์ ไชยมณัส*

บทคัดย่อ

การพัฒนาอย่างยั่งยืนได้กลายเป็นที่สนใจในระดับโลก แนวคิดนี้ได้รับการยอมรับกันอย่างแพร่หลายสำหรับทั้งในระดับองค์กรและระดับชาติโดยขึ้นอยู่กับแต่ละบริบทเฉพาะ สำหรับระดับองค์กร หลายบริษัทได้นำการพัฒนาอย่างยั่งยืนไปใช้เป็นกรอบการทำงานเพื่อสร้างความยั่งยืนขององค์กร การศึกษาวิจัยนี้มุ่งเน้นการศึกษากรณีศึกษาของเอสซีจี เนื่องจากเอสซีจีเป็นองค์กรที่ถือได้ว่าเป็นองค์กรต้นแบบการพัฒนาอย่างยั่งยืนของไทยซึ่งได้รับการยอมรับในระดับนานาชาติ บทความนี้มุ่งศึกษาปัจจัยที่ผลักดันการนำการพัฒนาอย่างยั่งยืนไปปฏิบัติและการสร้างความสามารถในการแข่งขันของเอสซีจี ผลจากการศึกษาได้มีการนำเสนอตัวแบบการผลักดันแนวคิดการพัฒนาอย่างยั่งยืนเพื่อนำไปสู่การสร้างความสามารถในการแข่งขันขององค์กร โดยตัวแบบนี้พัฒนาขึ้นจากการบูรณาการปัจจัยสำคัญที่นำไปสู่การพัฒนาอย่างยั่งยืนซึ่งสังเคราะห์มาจากกรณีศึกษาของเอสซีจี เนื่องจากการศึกษาวิจัยในเรื่องความเชื่อมโยงระหว่างการพัฒนาอย่างยั่งยืนและความสามารถในการแข่งขันยังมีอยู่อย่างจำกัด ตัวแบบที่ได้นำเสนอจากผลการศึกษาสามารถใช้เป็นแนวทางสำหรับการศึกษาค้นคว้าในด้านนี้ต่อไป บทความสรุปจากการศึกษาพบว่า การนำแนวคิดการพัฒนาอย่างยั่งยืนไปปฏิบัติส่งผลในเชิงบวกต่อความสามารถในการแข่งขันขององค์กรในระยะยาว ผลการวิจัยนี้ยังให้ข้อเสนอแนะกับบริษัทถึงวิธีการประยุกต์กลยุทธ์การพัฒนาอย่างยั่งยืนไปใช้ในองค์กรและเสนอข้อเสนอแนะให้กับภาครัฐในการสนับสนุนการพัฒนาอย่างยั่งยืนในประเทศ

คำสำคัญ: การพัฒนาอย่างยั่งยืน ความสามารถในการแข่งขัน เครือซิเมนต์ไทย (เอสซีจี)

* Unitd Pulp and Paper Co., Inc.
อีเมล: jochaimanat@hotmail.com

Introduction

The globalization has changed the competition landscape in the world from local competition within the local areas to the global competition with the challenge of oversea competitors. The widespread of competition in global economy is obviously noticeable and it seems to be increasingly intense with the new innovative ways for defeating the existing as well as future competitors. More firms and more countries have participated in the global market and gained greater power to influence world economic policy. Several local firms in Thailand can transform their organizations into multinational firms and it could be seen that large Thai conglomerate organizations gradually play more significant role in global market. However, Thai firms as well as firms from other countries also need to realize the challenge of the sustainability of competitiveness. The country has experienced financial crisis in 1997 which demolished country competitiveness and development as firms went bankrupt, employees lost their jobs, poverty and income inequality spread across the countries. The sustained growth which has been accumulated through several decades is vanished within short period of time and it took several years afterward to recover from the crisis.

In Thailand, local businesses are still in need for modern management technique and advanced technology for developing their competitiveness in global competition. Many local organizations do not have sufficient experience in dealing with international partners or customers, therefore their employees are lack of chance to broaden their global vision. “Even though there have been several foreign direct investment into Thailand for a period of time , the transition process from being domestic to becoming more international for Thai companies is slower than Japanese, Korean or Chinese firms when they move to international context” (Wongtada & Rice, 2008). The success in the past cannot guarantee the success in the future since the competition climate has changed over time. Thai companies need to have more recognition of modern paradigm of management and organizational administration. Particularly, the environmental concern is still less emphasized for many Thai firms leading to the serious problem on developing long-term competitive advantage. As a result, scholars have studied and tried to propose management techniques for sustaining competitive position to both private and public organizations.

Sustainable development has emerged as an influential concept for sustainable growth in emerging countries. It based on a balanced combination of three dimensions which are economic, social and environmental. According to Olson (2009), “the organizations which do not adopt the green business concept will then face the risks in term of economic, market, reputation, regulatory, operation and supply chain that affect their future profit.” Even though the concept of sustainable development has received growing recognition, there is an absence of accepted frameworks for evaluating the significant relationship among sustainable development and competitiveness.

Many organizations still do not generally recognize the importance of balancing self-interest and society benefit. Presently, sustainable development principle has been adopted as framework for several organizations, but there are not many studies focusing on the linkage between sustainable development strategy and competitiveness. Even though, it has become widely accepted that sustainable development is the key driver for supporting economic growth, but the implementation of sustainable strategies into practices for driving competitive advantage is not easily measured.

Due to the limited study of relationship between sustainable development and competitiveness under Asian paradigm, this research attempt to explore the insight of these two concepts under the in-depth case study of SCG which is the Thai conglomerate that successfully adopts sustainable development principles for striving its leading position in ASEAN. The study has three objectives: (1) To investigate the factors affecting the competitiveness and sustainable development strategy of SCG (2) To study the relationship between sustainable development strategy and competitiveness of SCG (3) To propose an effective model based on sustainable development strategies of SCG.

Literature Review

Sustainable Development: Principle and Thai Model of Sustainability

Due to the high growing of the awareness on environmental issues, sustainable development becomes the significant concept for both private and public organizations. The definition of sustainable development concept was first introduced by the United Nations World Commission on Environment and Development (Brundtland Commission) as “the development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs” (WCED, 1987). This holistic view is well recognized widely since it reflects the balance of development has widely received growing recognition. “Sustainable development is perceived as a resource utilization pattern that aims to meet human needs while preserving the environment, then these needs can be met for both current and future generation (Brey, 1997). By this definition, it has been mentioned about the linkage between environmental and human needs which can be defined in term of economic dimension such as, economic growth, the productivity of goods and services.

Due to the variety of definitions of sustainable development coming from various disciplines and with different assumptions about the basic relationship between society and nature, there is no single accepted definition about this concept. From several definitions about sustainable development, this concept focuses on the balance of development between satisfying human need and preserving environment and also the balance of present and future generations. This concept clarifies the notion that nature is needed to preserve and prevented from irreversible

depletion through the fast-growing economy. From the sustainable development view, governments should play key role in stimulating and encouraging the support of sustainability. Private sector also needs to adopt the sustainability perspective and transform its operational process for long-term on-going business.

From several studies on sustainable development issues, it broadens the view of policy makers and managements that development is not limited only to economic growth and the sustainability is not constrained only to preserving environment. Sustainable development suggests the new approach for development that will lead to the better well-being of people without environmental damage. Due to the extension of sustainability studies from many scholars, many frameworks have been proposed for exemplifying this concept. Figure 1 presents three leading principles of sustainable development which are; Three pillars of sustainability (A) from Keiner (2004), Prism of sustainable development (B) from Stenberg (2001) and The egg of sustainability and well-being (C) from IDRC (1997).

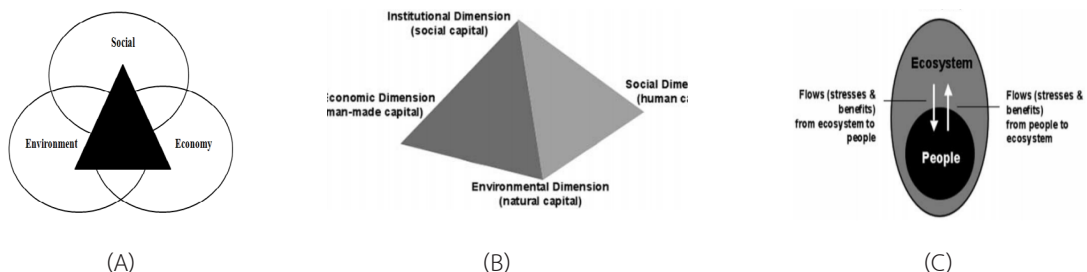


Figure 1. Three Leading Principles of Sustainable Development.

For Three pillars of sustainability, it expresses the multidimensional approach of development. It emphasizes the balance of three dimensions of development which are social, economic and environmental dimensions. Even though each component in the model can be measured independently, there is a relationship among each other which leads to the sustainability. This model proposes the notion that all three dimensions need to be concerned for driving sustainability. Apart from the three pillars of sustainability, the prism of sustainable development is another sustainability model which emphasizes four dimensions for sustainable development which are economic dimension (man-made capital), environmental dimension (natural capital), social dimension (human capital) and institutional dimension (social capital). However, there are many authors believe that environment should be the fundamental of development. The position of environmental dimension must be in the centre of the concentration. As a result,

there is a new model, called the egg of sustainability and well-being proposed by the International Development Research Center (IDRC, 1997). From this point of view, environment is the sources of necessary resources for social and economic development. Compared to prism model, environmental dimension is the fundamental of other three dimensions including, social, economic and institutional.

Since the adoption of sustainable development principle depends heavily upon local contexts, needs and interests. According to UNEP (2015), the philosophy of sufficiency economy of Thailand is the approach to sustainable development reflecting the particular experiences, circumstances and priorities of Thai context. The Philosophy of Sufficiency Economy has been developed by His Majesty King Bhumibol Adulyadej of Thailand. Its framework has three pillars (Moderation, Rationality, Self-immunity) and two underlying conditions (Knowledge, Integrity). It is a philosophy based on the appropriate conduct and “middle path” in life which leads to the real happiness in life. It stressed the approach for creating more resilient and sustainable economy which is more appropriate to cope with the challenges in the globalization era. The philosophy aims to avoid the excessive deterioration of the environment and excessive dependence on international borrowing and trade which will lead to the high exposure of risk. It emphasizes the strength of community links in the society through self-reliant community development. It serves as a high-level guiding principle for national’s sustainable development policies and the guidance for the lives of the citizens. By adopting this sufficiency approach, it encourages sustainable and balanced development. UNEP (2015) stated that “the main linkage between Sufficiency Economy and UNEP’s Green Economy is the shared emphasis on promoting sustainable use of resources”. The adoption of the philosophy of sufficiency economy has been applied to several development path of the country such as community development, national development, etc. Its principle could also apply in business context. According to UNDP (2007), the adoption of the Sufficiency Economy in business sector could lead to the long-term success. Several business organizations have already long-adopted the practices aligning with the Sufficiency Economy approach. SCG has been pointed out as the firm which developed its corporate culture in accordance with the principles of the Sufficiency Economy as well as implemented these principles in conducting its business which is based on the balance and flexibility with moral application of knowledge (UNDP, 2007).

Competitiveness: Concepts, Determinants and Theoretical Foundation

The concept of “Competitiveness” has received considerable interests to policy makers, managers and academics over decades. It is a broad concept which related to multidisciplinary fields of study such as, strategy, economics, management, etc. Competitiveness could be assessed through comparison and rivalry which is the consideration under competitive advantage perspective indicating the existence of competition. Black et al. (2009) defined competitiveness

as the ability to compete in markets for goods and services upon price and quality factors. Supplier will be competitive only if their prices are as low as their competitors under similar quality and reputation. The determinants of firm's ability to react in the competitive environment rely on shareholder, customer values and financial strength. The sustainability of competitiveness depends upon the balance of these factors. It can be noticeable from the definitions that resource and capability are the significant factors leading to competitiveness. Porter (1985) emphasizes that there are three dimensions of competitive advantage including cost leadership, differentiation and focus. These three dimensions will be transferred in to five generic strategies for achieving competitive advantage which are cost leadership strategy differentiation strategy, focus cost leadership strategy, focus differentiation strategy and integrated cost leadership and differentiation strategy. From Porter's view, firms can be in the superior position if they can manage for the lower cost comparing with their competitors through cost leadership strategy. On the other side, firms can also gain competitiveness if they can produce and serve their customers with differentiated products and services by adopting differentiation strategy. Differentiated products can prevent price competition in the market and encourage the loyalty of customers. The last dimension of competitive strategy is focus which is based on the perspective that firms do not need to compete in the overall market that require a great amount of firm resources for the competition. Firms can focus on the niche market which they can spend their limited resources to capture specific part of the overall market. Due to the dynamic environment of world competition, competitive is viewed as the importance factor for the survival of firms in the globalization era. According to the study of Roman et. al (2012), there are 15 groups of firm competitiveness factors for developing organizational strategies which are; strategic alliances, human capital, reliability, knowledge, cost, cultural factors, flexibility, innovation, quality, speed, customer relations, social responsibility, control systems, production techniques and information and communication technologies.

From the literature, there are three grounded theories contributing to the development of competitiveness concept which are resource-based view, competence view and knowledge-based view. Resource-based view is originated from the curiosity of why firms are different and the resource has been viewed as the key driver for achieving competitiveness of firms. A great amount of strategic studies highlight resource as the internal element within a firm leading to firm's strategic advantage. The success or failure of firm significantly depends upon its occupied resources. Hart (1995) assert that resource-based view has advanced the study of competitive advantage in the sense that the sustainability of firm's competitive advantage depend upon the competitive capabilities which are supported by unique resources that are difficult for competitors to duplicate. The difference of resources owned by firms results in the firm performance. From a resource-based perspective, firm's resources are considered as the fundamental determinants

of competitive advantage and performance. According to Teece et. al (1991), the fundamental concept of resource-based view relies on the notion that firms will ascertain their future competitiveness by developing their specific capabilities which may often be either implicit or intangible, then the utilization of resources which will lead to the capability includes not only tangible resource, but also covering intangible resource. From resource-based view, the competitive advantage of firms is the consequence of resources and capabilities which are distinctive, unique and difficult to imitate by their competitors.

Extending from resource-based model, the competence perspective provides new conceptual dimensions which emphasize on the competences of the organization. Yang et al. (2006) described competencies as the knowledge, expertise and capabilities within a firm that lead to differentiate its performance from its competitors. By this description, the differentiation of firm relies heavily on its competencies which have been collected over time. The competence-based view is closely related to resource-based view leading to the unclear understanding about these two concepts. Amit and Schoemaker (1993) propose the explanation that resources are assets deployed by management, while capabilities are skills and capabilities captured within a firm. Even though resource-based emphasize the role of resources in the organization, it doesn't focus specifically on competence that makes the firm different from others. By competence-based view, it is specifically clarify that it is capability that differentiate the firms from others which will result in different organizational performance.

According to the Knowledge based view, the success or failure of firm is determined by the organizational capability on the development of new knowledge-based assets leading to the creation of core competencies (Pemberton & Stonehouse, 2000). The key assumption underlying knowledge-based view is that knowledge is the key source of value creation which will lead to the firm's competitive advantage. Among the study of "knowledge", Nonaka and Takeuchi (1995) are the leading scholars in this field. They defined knowledge as a dynamic human process, which can be either explicit or implicit representing intellectual capital. They focus on the transformation of knowledge which is the critical process in the organization. From Knowledge-based view, the capability of utilizing and managing knowledge of firms is the key factor leading to the firm competitiveness and superior performance in the market.

SCG Sustainable Development: Evolution, Guideline and Structure

The Siam Cement Public Company Limited (SCG) was founded in 1913 under the Royal Decree of King Vajiravudh (King Rama VI). Its philosophy of conducting business is to operate with ethics and responsibility to the stakeholders, therefore SCG is perceived as leading organization with transparency, accountability, openness and fairness. This company is among very few Thai organizations that have been operated over 100 years. The concept of social responsibility and environmental protection has been concerned by SCG for long times and become absorbed

as the organizational culture of SCG. The company has adjusted and developed its guidelines for sustainable development according to the changing environment and situation over time. According to the book named, “SCG 100 Years of Innovations for Sustainability”, the key evolutions of SCG sustainable development guideline are listed on the following;

1. Environmental Conservation Policy, 1991
 - SCG is among the first Thai businesses to declare an environmental policy.
2. Environmental Conservation Guidelines, 1995
 - SCG has developed Environmental Conservation Policy into Environmental Conservation Guidelines which focus on controlling the impact of pollution emitted by its plants.
3. Guidelines for Environmental Conservation and Safety, 2002
 - SCG has expanded its scope of environmental policy by including the following key issues which are, the conservation of natural resources, the health and safety of its workers and safety of its products, the promotion of environmentally friendly practices by its employees and stakeholders.
4. Environment and Safety Guidelines, 2005
 - In addition to the previous commitment to environment and safety oriented, SCG has added four more guidelines into its policy.
5. SCG Sustainable Development Guidelines, 2008
 - This guideline was developed as the latest extension of Environmental Conservation and Safety Policy in 1991 and has been clearly evidenced that SCG officially advanced the commitment to sustainable development practice by including economic, social, environmental and corporate governance aspects. Furthermore, the Sustainable Development Committee has been established for maintaining policies and guidelines toward sustainable development.

Upon the international recognition of SCG sustainable development, the company spends long time and continuous effort for achieving the success. The company became a member of Thailand Business Council for Sustainable Development (TBCSD) in the year 1993, then it was a member of the World Business Council for Sustainable Development (WBCSD) in 2000. In 2004, SCG advanced its commitment of sustainable development by becoming a member of Dow Jones Sustainability Indices (DJSI) World Sector of Building Materials and Fixtures. The DJSI is the global indices that track financial performance of leading sustainability-driven companies worldwide. This index will select and award the leading organization on sustainable development with the consideration of three aspects including, economic, social and environmental dimensions. The awarded companies in the index can be viewed as the indicator of good-corporate-citizen of the company from investor's perspective. SCG was firstly awarded silver class in the sector of building materials and fixtures from SAM (Sustainable Asset Management)/DJSI in 2007.

Furthermore, SCG has achieved gold class in the sector of building materials and fixtures from SAM (Sustainable Asset Management) /DJSI for three consecutive years from 2008-2010. The further step of great accreditation of SCG sustainable development was that SCG has been accentuated by ranked as industry leader in the construction materials from Dow Jones Sustainability Indices (DJSI) by Robeco Sustainable Asset Management (RobecoSAM) for the fourth consecutive year (2011-2014) and ranked highest level in gold class for the seventh consecutive year (2008-2014).

Since sustainable development has been adopted into the organization, SCG has developed its own policy and guidelines for clarifying the understanding of this concept when it has integrated into business operations. The key parts of the guidelines consist of four issues which are the philosophy, framework for sustainable development, management approach and policy and guidelines. In addition, the company has established the committee for supervising the sustainable development practices which can ensure that the sustainable development concept will be consistently implemented in the right direction. These committees consist of representatives from various units in SCG group. The committee will review sustainable development policy, guidelines and goals for supporting the vision of sustainable development role model. All the business units are required to report the sustainable development performances to the committee every quarter in order to ensure that the sustainable development policies and programs are effectively implemented.

By adopting sustainable development principle into business practices, SCG has initiated strategic actions which align with the three sustainability concept as on the following;

1) Economic dimensions. It emphasizes the sustainable development on two key activities which are value chain management and sustainable products and service development.

2) Environmental dimensions. The key issues on environmental sustainability have been addressed and implemented through its operation such as; Water management, energy and climate change, biodiversity, green building.

3) Social dimensions. It concentrates on the quality of safety management in its business operation and constantly improves safety control system in whole logistic process. In addition, the company always enhances readiness, capabilities and working condition of its employees.

Research Methodology

This study is a non-experimental and descriptive research which focuses on the importance of sustainable development strategy on firm competitiveness. It adopted case study method as a major technique for the research. According to Hancock (2002), the case study method provide a richness and in-depth of information which cannot usually obtained through other methods

since it will provide the understanding of complex set of circumstances. The data collection methods in the study include in-depth interviews, observation, documentation such as company profiles, annual reports, sustainability reports, etc. The unit of analysis is the enterprise level. SCG is considered to be the selected organization for the case study. The obtained data through this case study will be carefully interpreted and analysed in the data analysis.

The questions for the interviews will be designed as open-ended questions concerning all relevant variables. The key informants of the interview are SCG employees who have involved in sustainable development strategy. Furthermore, other relevant stakeholders will also include in the interview process in order to obtain the comprehensive viewpoint of the study. Interviews were transcribed and interpreted together with documentary and observational evidence for the analysis of the case study. The finding from qualitative techniques will be analyzed with relevant theories and perspectives. Data analysis is the process of screening a large number of data and interpreting them.

Result and Analysis: SCG Sustainable Development; Driver for Sustainability and Competitiveness

“In the past, Sustainable Development (SD) was an alternative to build the corporate acceptance and reputation. However, the current sustainable development guideline is not an option for organizations, it is a must have guideline to be implemented. Organization must plan and implement sustainable development guideline concretely in alignment with businesses”
(Kan Trakulhoon, SCG President and CEO, SCG Sustainability Report, 2014)

SCG has integrated the sustainable development strategies into the key corporate strategy. In fact, the degree of challenges that organizations encounter for adopting sustainable development varies upon many factors such as, size of organization, types of industry involved, etc. The case of SCG could represent the critical challenges faced by multinational organization in adopting sustainable development. Findings revealed that both external factors (Global recognition on sustainability, Collaboration and participation) and internal factors (Leadership, Commitment and execution, Employee engagement, SCG foundation involvement) are critically driving the sustainability path of SCG.

Global Recognition on Sustainability

Sustainable development has become the issue that received higher attention from the public all around the world. In 1992, the World Business Council for Sustainable Development (WBCSD) was established. It is a CEO-led organization which aims to stimulate the business sector for adopting sustainable development in global business community. It is currently the leading

platform for business community to exchange and share knowledge, experience and best practices on sustainable development. According to the Rio+20 conference, the concept of green economy has been extensively discussed and expanded from several international organizations, national government, policy makers, non-government organizations. The governments in many countries nowadays have considered “green economy” as among key elements in their national policy leading to sustainability. In Thailand, the country realizes the importance of environmental protection and includes this issue in the national development plan since seventh economic and social development plan (1992-1996). Business or private sector has also become the key driver for developing global green economy along with the role of national governments. Several national policies have been launched for reinforcing the involvement of private investment on sustainable development. Consumers are increasingly support green products and deny the products which harm the environment and society. Government tends to reinforce the restriction on the manufacturing process that has negative effect on the environment. For financial and capital market, the investment decision in the capital market has been shifted from focus significantly on the financial profit and return on investment to concern more holistic view on all stakeholders for the investment. The concept of sustainable development has been widely adopted in the investment decision for capital markets around the world, particularly developed countries. At present, the concept of investing with concern on environmental, social and corporate governance (ESG) has become increasingly accepted by several investors in the world. Several reports and findings have revealed that companies with positive ESG criteria tended to outperform companies with negative ESG criteria.

Collaboration and Participation

Many literatures on sustainable development have asserted that collaboration is the significant fundamental of sustainable development. Due to the fact that each community has its own context which could be different from other communities, the collaboration from the stakeholders is essential for ensuring that the development path has been executed in the right direction. In addition, the collaboration and participation is the mean for exploiting the potential of the community and integrate the capability to create mutual benefits. The goal cannot be achieved from the effort of any single unit, but it requires the collaboration from all stakeholders for sharing their contribution. The distinct collaboration initiated by SCG is the formation of the “Community Partnership Initiative (CPI)” in Map Ta Phut Industrial Estate, Rayong province, Thailand. The company has collaborated with other four leading companies in the area including, PTT, Dow Chemical, BCP Power, and Glow Group to promote Green manufacturing at their plants and create new standard for improving the life of the community. It is important to create “trust” in people’s mind in order to receive the full collaboration from them. When the people perceive the industries as part of their community, then it could imply the positive sign for the organization to live sustainably.

Leadership

Management role on sustainable development is considered as among the key drivers for implementing sustainable development in the organization. Due to the significant influence on organization direction and strategy, management's attitude and decision has great impact on the overall performance of the organization. SCG has been directed under ten presidents since 1914 which initiated several changes to the organization during each presidential period. Mr. Kan Trakulhoon (the tenth president of SCG, who was elected as the president in 2006) has highlighted sustainable development as the key strategy for SCG in the future, and also continuously showed his concentration on this path. From the research on this professional background, it is shown that Mr. Kan has involved in the sustainable development since he started his career with SCG. Due to the long participation on environmental projects, it provided the advantage for him on adopting sustainable development when he has become the leader of the organization. He has been well-accepted as the leader who has truly understanding and solid knowledge about sustainable development. Moreover, the company has included corporate governance and sustainable development in its vision, it signaled to the public that the organization will be actively driven to become the sustainable business leader. According to the interview with SCG management, they have shared common perspective that the key success factor for driving sustainable development in the organization is the commitment of the leader. This principle has been regarded as the key agenda for the future of the organization.

Commitment and Execution

After the organizational policy has been formulated, the problem of implementation is likely to arise accordingly. Many organizations with clear direction might not be able to reach its goal due to the lack of effective execution. In case of SCG, the company has developed "SCG Sustainable Development Guidelines" for ensuring that all operations would be carried out in an appropriate way. Apart from the clearness of the policy, organizations might face the problem of "lack of host" or "lack of a responsible person". Since the implementation of sustainable development needs multitasking and relates to several relevant parties, it cannot be relied on any single unit in the organization. As a result, the tasks for driving sustainable development might not be well overseen by any functional units due to the lack of direct responsibility. Therefore, it has purposely established "Sustainable Development Committee" which has responsibility to direct and monitor sustainable development in the organization. This committee is the key driver for leading the policy into actions. It could also be noticeable that the members of SCG Sustainable Development Committee include a Chairman and top executives from every business units and corporate functions. By this practice, it can be ensured that all key persons of the organization have responsibility to participate in sustainable development strategy and plan as well as the monitoring of sustainability performance.

Employee Engagement

The role of employee on sustainable development has been emphasized in SCG approach for creating sustainability. Employee participation on social and environment activities has been encouraged and considered as key indicator among sustainable development plan of the company. It was written in SCG Sustainability Report 2012 that “SCG believes that the sustainable development of the community and the company must start from human resource”. The key evidence of the employee engagement on sustainable development is the initiation of “Sharing opportunities, Drawing the future program”. This program provides the opportunity for its staffs with voluntary work for communities. It aims to encourage employee participation on social responsibility in various ways. Group of SCG’s employees will develop their projects for responding to the community’s needs and submitted the proposal to SCG Foundation. Once the proposal is approved, the group will be supported by the foundation to enable the implementation of the approved project. From the statistics, there is an increasing number of proposed projects as well as number of employee participants which reflects the advanced level of employee engagement on sustainable development approach.

SCG Foundation Involvement

SCG Foundation is the crucial player that contributes to the implementation of SCG sustainable development. The objective of this entity is to develop society through several activities which focus on human resources development, particularly children and youth, its work is a significant part for creating sustainability to the society. Since sustainable development is among the key aspects of social activates arranged by SCG Foundation, the work of the foundation will attempt for creating sustainability in the society. According to SCG case, it presents the fact that the establishment of a charitable organization for working purposely on social activities can support the work of the company on sustainable development. The formation of corporate foundation as a separate nonprofit organization leads to the flexibility of the operation and the concentration on social development of the separated entity. With the image of non-profit organization, the key direction will focus on charitable effort which could attract more public interest on participating in the activities. In addition, the work of corporate foundation will improve the notification of the corporate image on the public which links to the positive feedback to the company.

The Linkage between Sustainable Development and Competitiveness

The compatibility of sustainable development and competitiveness, whatever the level, has been studied on several literatures. The study found that SCG has strong belief that the implementation of sustainable development will upgrade the competitiveness of the firm. The company has strengthened its commitment on sustainable development by including this development path into its corporate vision.

Table 1. From findings of the study, the key benefits leading to the competitiveness of firm from the implementation of sustainable development are summarised in the table below.

Competitiveness	Discussion	Experience Case from SCG
License to operate	<ul style="list-style-type: none"> License to operate or specifically social license to operate refers to the acceptance or approval of the presence of the project or company by the local community. It is the paradigm that encourages the company to have more concentration on the impact of the local community. Generally, the company will focus on the compliance with regulatory requirements in order to obtain the regulatory license before preceding the project, while the social issue has been usually less emphasized. The legal license represents the legal acceptance to operate the project in the specific area, but the project will not be accomplished without the social acceptance from the local community. Therefore, the social license is regarded as the essential factor for long-term ability of business to operate within the community. 	<ul style="list-style-type: none"> New cement plant in Myanmar: With the government support and local acceptance, the installation of the new plant has continuously achieved satisfactory progress. On the other hand, other companies that obtained the license but have lack of sufficient concern on social and environment issue which leading to the critical conflict with the local community cannot pursue the project as planned.
Resource efficiency	<ul style="list-style-type: none"> From the literature, efficiency has been widely regarded as the proxy for measuring the competitiveness of the organization Several studies related the term “efficiency” to the operational excellence or productivity. From economic perspective, the efficiency could be improved by the reduction of input cost which can generate the same or the higher output. There are some arguments which state that the adoption of sustainable development leads to the additional cost for the business since their operational profit has to be shared to spend on social and environmental cost without any economic benefits in return. However, there are several studies present that the investment on environmental management could create the economic benefit to the company through the higher resource efficiency on the operational process. 	<ul style="list-style-type: none"> Vina Kraft Paper has developed effective water management system by adopting water production technology that uses less water to be treated. With the energy-saving Upflow Anaerobic Sludge Blanket (UASB) system, the water from the production process will have less use of chemicals and less sludge to treat. Since the treated water has high quality, then the company can reuse it in the production process. With the established system for improving resource efficiency from the operational process, it could support the company by saving a significant amount of energy cost.
Innovation	<ul style="list-style-type: none"> In respond to the global challenges on sustainable development, innovation seems to be the significant factor for resolving on the problems and conflicts between economic growth and environmental damage. From several documents from the company, SCG is the organization that emphasizes the development of innovation as the key driver for the implementation of sustainable development of SCG. The innovative products and services have been developed through the innovation process with the aim of responding to the needs of its customers and contributing to a better environment and sustainable society. 	<ul style="list-style-type: none"> The continuous improvement on the innovation from the R&D of SCG leads to the numerous new products under the category of “High Value Added (HVA) products and services” and “SCG Eco value” launched to the market. The products and services which yielded more profit with the focus on high-end customers are categorized as HVA environmentally-friendly products and service that can serve the needs of customers while sustaining its business growth.

Table 1. From findings of the study, the key benefits leading to the competitiveness of firm from the implementation of sustainable development are summarised in the table below. (Continued)

Competitiveness	Discussion	Experience Case from SCG
Business opportunity	<ul style="list-style-type: none"> The implication of sustainable development on business sector has largely been viewed through several innovative products and services which have eco-friendly features for coping with the green trend in the market. 	<ul style="list-style-type: none"> The establishment of Infozafe under SCG Packaging could be categorized as the proactive sustainability strategy of SCG on capturing the business opportunity through sustainable development path. For the business model of Infozafe, it has addressed all key components of sustainable development including: economic perspective: the company will collect the unused documents with international security standard which could support its customer on information protection, environmental perspective: the collected paper will be used in the recycling process which is part of the environmental protection, and social perspective: the company will donate 2,000 baht per ton of paper documents from customers to support teaching materials for schools in rural areas.
	<ul style="list-style-type: none"> With the sustainability principle, it could initiate the transition from the negative view of social and environmental challenges to the creation of business opportunity which could generate value for both The first mover who is able to capture the trend could gain the opportunity to develop its competitiveness in the global competition. However, the degree of integrating sustainability into business model varies among the companies. 	
	<ul style="list-style-type: none"> The first mover who is able to capture the trend could gain the opportunity to develop its competitiveness in the global competition. However, the degree of integrating sustainability into business model varies among the companies. 	
	<ul style="list-style-type: none"> According to the study of Schaltegger et al. (2011), there are three types of sustainability strategies for companies to implement on their business including defensive strategy (business model adjustment and adoption), accommodative strategy (business model improvement), and proactive strategy (business model redesign). 	
Employee morale	<ul style="list-style-type: none"> From the resource-based view, firm's competitiveness is determined by the occupancy of strategic resources, therefore the loss of these resources will have negative effect on the competitiveness of the organization. 	<ul style="list-style-type: none"> The distinct focus on employee development could be seen from the New Learning Model for SCG which is the continuous employee development program as the support for the sustainable growth of the company.
	<ul style="list-style-type: none"> Upon the sustainability initiatives, the human right is of concern for the company to pursue any actions on human resource program such as recruitment, wage and remuneration management, employee development, etc. For SCG, it has widely announced that there is no discrimination against gender, age, or ethnicity throughout the SCG Group. The evidence could be seen from the increasing ratio of female employees and the growing number of employees of different nationalities from overseas. 	<ul style="list-style-type: none"> In addition, there are several activities showing the care of the company toward its employee such as, employment feedbacks and opinions through engagement surveys, employee development program, employee activities clubs, etc.

The Role of Corporate Governance on Competitiveness

The issue of corporate governance has been discussed from various perspectives, including policy makers, regulators, investors, etc. This concept is related to the direction and control of organization as well as the relationship between related parties with the aim of enhancing long-term value for shareholders and other stakeholders. The organization with corporate governance in place could ensure the stakeholders that the organization will not take advantage of assets or profits for their own benefits. The OECD principles has developed the key compositions of “good” corporate governance including; The rights and obligations of shareholders, equitable treatment of shareholders, the role of stakeholders and corporate governance, transparency, disclosure of information and audit, the board of directors, non-executive members of the board, and executive management, compensation and performance. Due to the variety of specific elements of “Good” corporate governance, each organization can develop its own mechanism for improve corporate governance in its organization.

For case of SCG, the company has formed corporate governance structure for driving the corporate governance in the organization. It included all stakeholders in the structure which imply that the focus of corporate governance is not limited with the internal perspective, but it also includes the external parties which could be affected from its operation. Apart from the establishment of the corporate governance structure, the company has formed several specific committees for performing the significant tasks which will have effect on the corporate governance of the organization such as The Governance and Nomination Committee, The Remuneration Committee, The Audit Committee, etc. The company also provides “SCG Corporate Governance Principle” consisting three parts of the key corporate governance issues which are; (1) Structure, composition, duties, responsibilities and operation of the Board of Directors, (2) Practical guidelines concerning management and internal controls and (3) Conduct towards stakeholders. Furthermore, the company has announced anti-corruption policy to prevent the corruption issue from its business operation. In order to encourage anticorruption practices to the external parties, the company has developed “SCG Supplier Code of Conduct” for guiding its supplier and contractor to align with the corporate governance concept. By this practice, it could support the company on screening the appropriate suppliers to deal with and preventing the possibility of corruption. From the corporate policy, the company aims to conduct its business according to sustainable development approach and also align with corporate governance principle.

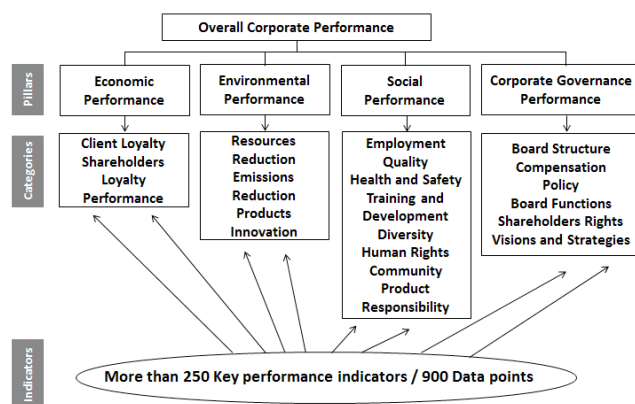


Figure 2. Structure of overall performance of company

Source: Greenwald (2007)

Due to Kocmanova et al. (2011), the sustainable development and corporate governance are critical for organization and corporate strategy. They support the work in the organization as well as foresee the threat and risk that might incur. Greenwald (2007) proposed the model of structure of overall performance of company as presented in figure 2. This model indicates that both sustainability performance and corporate governance performance are the key pillars for determining the overall performance of the company. It implies that the implementation of sustainable development requires the alignment of corporate governance policy which will reflect in the corporate performance of the organization.

Government Support on Sustainable Development and Competitiveness

According to the literature, the competitiveness of firm cannot be determined solely from the firm-specific advantage, but the country-specific advantage is also another important factor that contributes to the forming of the overall competitiveness. Therefore, the role of government is significantly important for supporting the development of country-specific advantage which will have an effect on the firm's competitiveness. Porter (1990) views that government should create the environment which encourages the development of the industry. Its significant role is to support the firms through the provision of resource which is necessarily for improving their competitiveness. Therefore, the role of government on sustainable development and formation of competitiveness is needed to be emphasized by policy makers, government agencies, etc. With the recognition of the power of private sector on providing public goods and services, the government in several countries has developed the collaboration with the private sector to exploit its financial capability and expertise on supporting the responsibilities on public services. From the past several years, there is a rise of public-private partnership (PPP) in the global attention.

Even though private sector has its corporate social responsibility (CSR) activities for responding the social need, it could be beneficial if the government can form the partnership with non-public sector to provide social infrastructure to the public. By this collaboration, the PPP could be regarded as the tool for driving sustainable development in the national level.

Furthermore, the government needs to recognize the necessary legal framework for encouraging the adoption of sustainable development. The significant role of legal factors has been globally recognized through the Rio+20 which has stated that the role of law is the vital tool on the path towards sustainable development. The legal actions on environmental issue could be found in both the enforcing approach and incentive approach. With enforcing approach, those who violate the environmental laws will be punished, while the businesses or people will be motivated to follow the environmental path by several forms of incentive under incentive approach. The selection of the legal actions depends on each specific local context. Apart from the role of central government, the role of local authority is also significantly important for the sustainable development process. The synergy between national development and local development has been of interest by the policymakers nowadays. With the proximity to the community, the local authority has clear understanding about the local problems and the community need so that it can efficiently provide the solution to the community. However, there is a significantly different level of quality and standard of local administrative from country to country. In addition, the public awareness on sustainability is also diverse due to several socio-cultural factors, therefore the level of decentralization is the issue that the central government need to be concerned.

A Sustainable Development Model for Driving Competitiveness

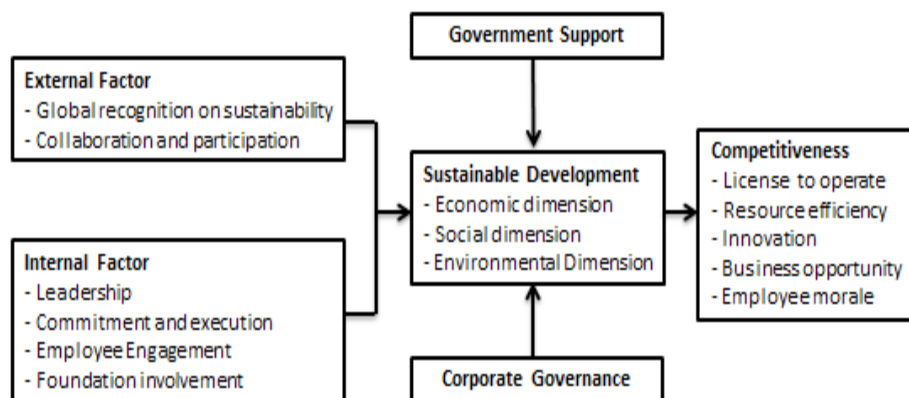


Figure 3. Proposal of Model for Driving Sustainable Development toward the Firm Competitiveness

Due to the multi-factors related to the effectiveness of sustainable development implementation, the result of the study suggests the model for driving sustainable development toward the organizational competitiveness and corporate performance as presented in figure 3. A sustainable development model based on the study presents an integrated approach consisting key indicators related to sustainable development leading to the corporate performance. The model could be considered as the framework for the organizations which consider adopting sustainable development approach. From the model, there are both external and internal affecting the implementation of sustainable development. Organization could scrutinize the impact of each factor on formulating its sustainable development strategy for creating competitiveness of the organization. In addition, the government support and corporate governance are considered as the supporting factors which could enable the effectiveness of sustainable development. There are several methods that the government could exercise its power to support the sustainable development through rules and regulations, tax and fiscal policy, collaboration, etc. The management of business organizations should consider government agency as their strategic alliance which could support their sustainable development activities. From the study, the corporate governance could support the creation of firm competitiveness in several aspects. For instance, the company with good corporate governance could gain more credibility from the public perspective which leads to the accessibility of capital investment and the reputation in the market. In addition, the good corporate governance system could prevent the organization from the corruption and fraud issue which could deteriorate the firm competitiveness.

With the positive impact from relevant factors as well as the appropriate sustainable development strategy, the organization could enhance its competitiveness in several aspects in the market competition. Presently, the linkage between each factors have not been clearly studies in the academic literature. Therefore, the proposed model could be used as the guideline for further research on this issue. In addition, the model has been developed from the case study of SCG, therefore the study of other organizations could include additional factors fulfilled in the framework for strengthening the holistic viewpoint of the sustainable development model. In addition, the cultural dimension could also be addressed for further development of the framework since this model is based on Thai company dominated by Thai context which might need to be adjusted to fit with the other cultural context.

Implication for Practice

From the study, a number of listed companies in Thailand showed higher progress on their development toward sustainability. The increasing number of Thai listed companies being selected among this global standard presents the awareness of Thai capital market on sustainable development issue. However, these companies could be represented only small proportion

compared to the overall listed companies in Thailand. There is a need for actively promoting this concept to other companies for the alignment on sustainable development direction. Most of the companies still focus on the financial performance, and ignore the social and environmental impact of their business operations on the society. As a result, the private sector should reshape their business philosophy toward the sustainability approach which could lead to the sustainable growth of the business and society. Firms could study from the best practices in the market for developing their own way of enhancing sustainable development. They should develop their key indicators for measuring their strategies toward sustainability. Leaders of the organization should play active role on the implementation of this approach in order to drive the vision into practice. They could form a working committee or team for directing and monitoring the implementation of sustainable development program in order to achieve the satisfied advancement. Furthermore, the high commitment of the management could be communicated to all employees for promoting the participation and well-recognition on this track. In addition, private sector could promote the publication of sustainability report as the key information to all stakeholders. The financial performance alone could not be reflected the performance of the business operation. The social and environmental dimensions should also be emphasized in the performance report to reflect the overall corporate performance.

Suggestions for Future Research

According to the findings from the study, the researcher would recommend some directions for further research related to this area of study. Firstly, the implementation of sustainable development could vary from organization to organization. Each enterprise could develop its own path toward the sustainability, therefore the comparative study for this issue could be beneficial to the management as well as academic scholars. Future work in this area could conduct a multi-case study research for examining the similarities and differences for both public and private sectors in order to enhance the body of knowledge in this area. Secondly, the case study in this research is the study of successful case of sustainable development, the unsuccessful cases were not inclusively examined in this research. The in-depth study of unsuccessful case would lead to the key points reflecting the challenges and key success factors of sustainable development implementation. Furthermore, this research studies the company operated under Thai context, so the study of the adoption of sustainable development in other f which deal with different culture could lead to a better understanding of the topic.

Conclusions and Implications for Public Policy Administration

From the study, it presents that the company perceives sustainable development as the approach for driving firm competitiveness. The findings indicate that the adoption of sustainable development could lead to several sources of firm competitiveness. The study concludes the firm competitiveness arising from the implementation of sustainable development into five categories which are license to operate, resource efficiency, innovation, business opportunity, and employee morale. However, it could be noted that the analysis performed in this study was based on both primary data and secondary data from internal sources and public available data. Many of the documentary study are provided by the company, therefore there might be some information that have not been published and cannot be used to analyze in the study. It is the challenge in the study to seek for sufficient source of information to comprehensively assess the sustainable development of the company.

From the findings of the study, the collaboration between government and private sector through the formation of Public-Private Partnerships (PPP) should be promoted for supporting the sustainable development approach. Particularly, the investment on R&D which could lead to the creation of new technology for saving environment and enhancing efficiency. The study found that the R&D from the public sector alone is not sufficient for the creating the innovation in the current situation, there is a need for the joint investment from private sector to co-develop the new innovation and technology for the future. Policy makers should enable the system and framework for the formation of PPP in social and environmental projects through a variety of incentives to the private sectors. Due to the limitation of national budget allocated to various development projects, the PPP projects could lessen the financial burden of the government on the budget allocation. In addition, the government could utilize the specialization of private sectors on their particular areas which could enhance the capability of the implementation of PPP projects. Furthermore, there is a need for empowering the role of local administrative on driving sustainable development. Since the local governments have more understanding about the nature and the problem in the community, they could efficiently react to the points and the needs of the local area. Furthermore, the legal instrument should be updated and strictly enforced for supporting the sustainable development progress. Many legal actions or the policy related to environmental and social issues will be executed after the problems have become severe and received high attention from the public. Therefore, the government should update the social and environmental policy according to the changing environment, and also monitor the legal enforcement closely in order to prevent the problems that could occur. In addition, there is a need for creating mutual agreement and understanding among public and private sectors on the rules and regulations on social and environmental policy in order to assist the alignment of operational practice from the private sectors.

References

- Amit, R., & Schoemaker, P. (1993). Strategic assets and organizational rent. *Strategic Management Journal*, 14(1), 33-46.
- Black, J., Hashimzade, N., & Myles, G. (2009). *A Dictionary of Economics*. Oxford: Oxford University Press
- Brey, P. (1997). Sustainable technology and the limits of ecological modernization. *Ludus Vitalis. Revista De Filosofia de Las Ciencias de la Vida = Journal of Philosophy of Life Sciences*, 7(12), 17-30.
- Greenwald, C. (2007). *The Importance of Consistent and Comparable ESG Performance Data*. Retrieved March 31, 2009 from <http://www.asset4.com/pdf/ASSET4-The-importance-of-consistent-and-comparable-ESGperformance-data.pdf>.
- Hancock B. (2002). *Trent Focus for Research and Development in Primary Health Care: An Introduction to Qualitative Research*. British: Trent Focus Group.
- Hart, S. L. (1995). A natural-resource-based view of the firm. *The Academy of Management Review*, 20(4), 986-1014.
- International Development Research Center (IDRC). (1997). *Assessment Tools*. Ottawa: International Development Research Center.
- Keiner, M. (2004). Re-emphasizing sustainable development – The concept of ‘evolutionability’ *On living chances, equity, and good heritage. Environment, Development and Sustainability*, 6(2004), 379–392.
- Kocmanova A., Hrebicek J., & Docekalova M. (2011). Corporate governance and sustainability. *Economics and Management*, 16(2011), 543-550.
- Nonaka, I., & Takeuchi, H. (1995). *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation*. New York: Oxford University Press.
- Olson, E. G. (2009). Business as environmental steward: The growth of greening. *Journal of Business Strategy*, 30(5), 4- 13.
- Pemberton, J. D., & Stonehouse, G. H. (2000). Organizational learning and knowledge assets-an essential partnership. *The Learning Organization*, 7(4), 184-194.
- Porter, M. E. (1985). *Competitive Advantage*. New York: Free Press.
- _____. (1990). *The Competitive Advantage of Nations*. New York: The Free Press.
- Roman, D. J., Piana, J., Lozano, M. S. P. L., Mello, N. R., & Erdmann, R. H. (2012). Organizational competitiveness factors. *Brazilian Business Review*, 9(1), 25-42.
- SCG. (2014). *SCG Sustainability Report*.

- Schaltegger, S., Lüdeke-Freund, F., & Hansen E. G. (2011). *Business Cases for Sustainability and the Role of Business Model Innovation: Developing a Conceptual Framework*. Lueneburg: Centre for Sustainability Management (CSM), Leuphana Universität Lüneburg.
- Stenberg, J. (2001). *Bridging Gaps: Sustainable Development and Local Democracy Processes*. Gothenburg: Chalmers University of Technology.
- Teece, D. J., Pisano, G., & Shuen, A. (1991). *Dynamic Capabilities and Strategic Management*. Working paper Centre for Research in Management.
- United Nations Development Programme (UNDP). (2007). *Thailand Human Development Report 2007: Sufficiency Economy and Human Development*. Bangkok: United Nations Development Programme.
- United Nations Environment Programme (UNEP). (2015). *Multiple Pathways to Sustainable Development: Initial Findings from the Global South*.
- Wongtada, N., & Rice, G. (2008). Multidimensional latent traits of perceived organizational innovation: Differences between Thai and Egyptian employee. *Asia Pacific Journal of Management*, 25(3), 531-562.
- The World Commission on Environment and Development (WCED). (1987). *Report of the World Commission on Environment and Development Our Common Future*. New York: Oxford University Press.
- Yang, B. C., Wu, B. E., Shu, P. G., & Yang, M. H. (2006). On establishing the core competency identifying model: A value-activity and process oriented approach. *Industrial Management and Data Systems*, 106(1), 60-80.