

**SUSTAINABLE LEADERSHIP
OF FMCG COMPANY IN THAILAND**



TANAWAN SRIRATANAVIT

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.....
Miss Tanawan Sriratanavit
Candidate

.....
Assoc. Prof. Sooksan Kantabutra,
Ph.D.
Advisor

.....
Asst. Prof. Vichita Ractham
Ph.D.
Committee member

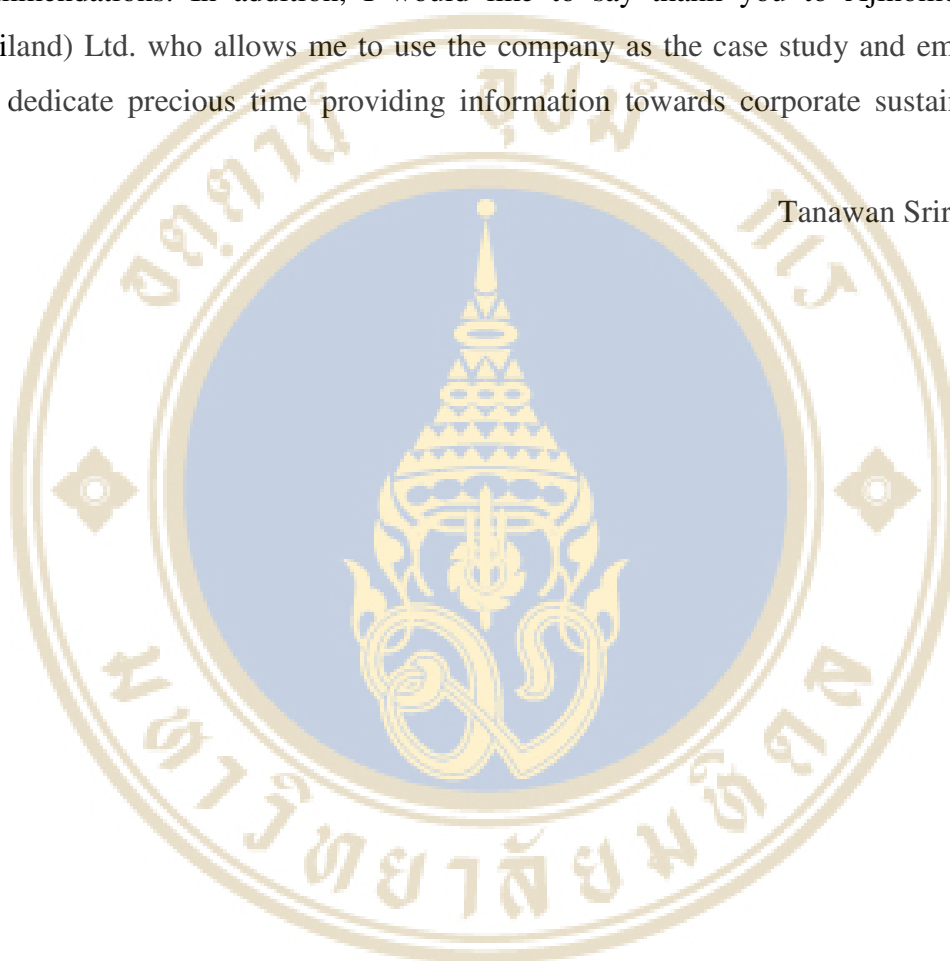
.....
Assoc. Prof. Annop Tanlamai
Ph.D.
Dean
College of Management
Mahidol University

.....
Asst. Prof. Brian Hunt
Ph.D.
Committee member

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Tanawan Sriratanavit



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TANAWAN SRIRATANAVIT 5549072

M.M. (MARKETING AND MANAGEMENT)

THEMATIC ADVISORY COMMITTEE: ASSOC. PROF. SOOKSAN

KANTABUTRA, Ph.D., ASST. PROF. VICHITA RACTHAM, Ph.D., ASST. PROF.
BRIAN HUNT, Ph.D.

ABSTRACT

This paper adopts Avery and Bergsteiner's 23 Honeybee leadership practices as a framework to examine the sustainable business practices of the multi-national company in Thailand. Using a case study approach, multi-data collection methods included non-participant observations during company visit and interview, semi-structured sessions with employees from different levels and working functions, and reference to published documentations. Evidence was found for compliance with 21 of Avery and Bergsteiner's 23 sustainable leadership elements, but to various degrees. The paper concludes that 23 Honeybee practices provide a useful framework applicable to multi-national enterprise in Thailand to evaluate its corporate sustainability. Multi-national companies in Thailand and possibly in other Asian countries that wish to sustain their organizational success could adopt Avery and Bergsteiner's 23 Honeybee leadership grid elements to investigate their leadership practices, and adjust them to become more sustainable.

KEY WORDS: SUSTAINABLE LEADERSHIP/ HONEYBEE/ LONG TERM

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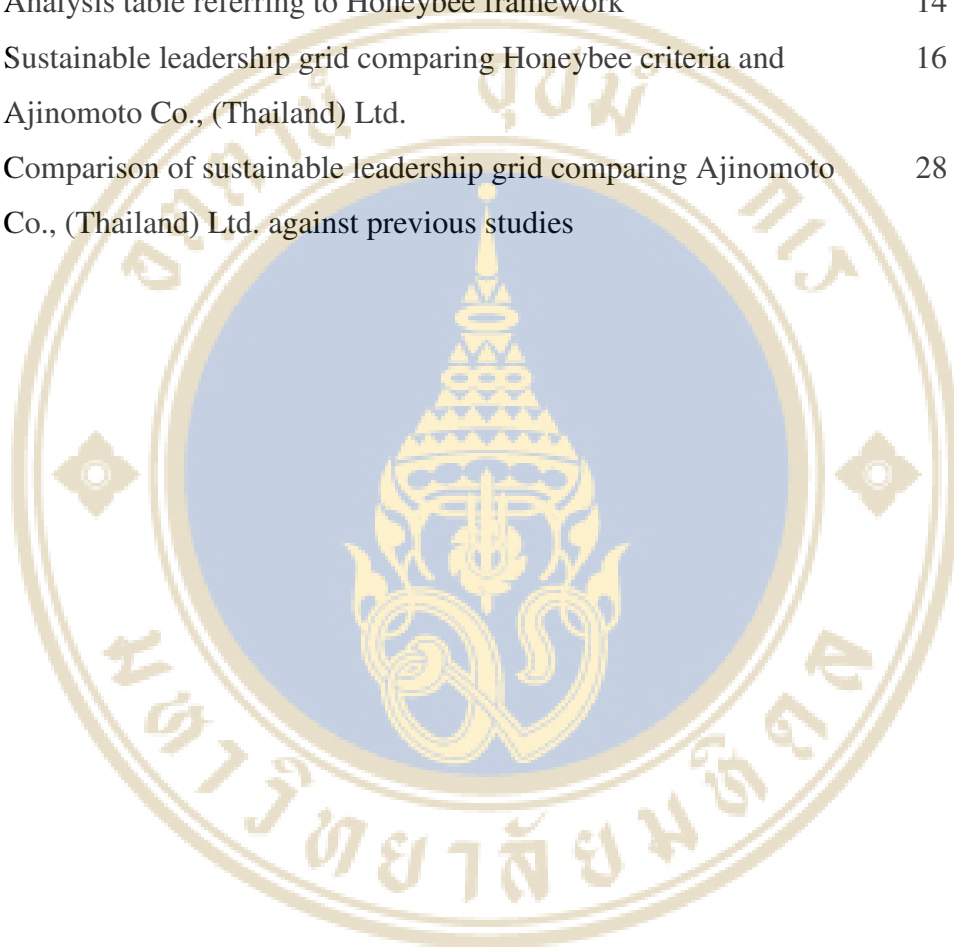
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CHAPTER I

INTRODUCTION

Corporate sustainability has been widely discussed among corporate leaders and scholars. Although it is an important issue, only a few approaches to corporate sustainability have been examined in the Thai context.

The present study therefore adopts Avery and Bergsteiner's Sustainable Leadership concept that has been supported by previous studies as a relevant approach to corporate sustainability in Thailand. The study examines business practices of Ajinomoto Co., (Thailand) Ltd. to determine if there is a fit between Sustainable Leadership practices and those of the case company.

Ajinomoto Co., (Thailand) Ltd. is a food business firm originated from Japan. It was officially established on April 29, 1960. It is the first overseas MSG production base of Ajinomoto Co., Inc., Japan to produce AJI-NO-MOTO®. More than half century the company has gone through immense diversification with the establishment of companies in Thailand with 7,000 staffs approximately, manufacturing various products and services such as seasoning flavors, instant noodles, processed foods, frozen foods, beverages, L-Lysine, and packaging materials.

To determine the fit, the literature on Sustainable Leadership in Thailand is reviewed in Chapter 2. In Chapter 3, the methodology used to test the Sustainable Leadership concept is explained. This includes how to collect and analyze data. Chapter 4 presents findings, while Chapter 5 discusses the findings and concludes the study with practical recommendations to enhance the prospect of corporate sustainability for the case company.

CHAPTER II

LITERATURE REVIEW

There are many challenges in the global scale nowadays whether it is climate change, resource scarcity, social perils and major economies in danger. For organization scale, the collapse of major firms show tough situation. All of these conditions affect to each corporate to find the way to survive in difficult time. To become a sustainable enterprise, the company has to deliver strong performance, has the ability to endure difficult economic and social situations, and maintain a leadership position in its relevant market.

There are some criteria to evaluate if the firm is the sustainable enterprise. It could be looking back at financial data in the past years if the company has performed a strong finance. Tracking deep down of financial figures in the year of crisis, for example flooding, subprime crisis, epidemic or political demonstration, the sustainable enterprise holds the endure capacity towards the crisis which can keep a stable financial performance. Besides, ability to maintain leadership position in the market can be another indicator to see how sustainable the firm is.

To ensure the corporate sustainability, many approaches were developed to support and enhance corporate sustainability. The Triple Bottom Line approach is the accounting framework that incorporates three dimensions of performance which are social, environment and financial. This differs from traditional reporting frameworks as it includes environmental and social measurement¹. Sufficiency Economy is another approach that is applicable at every level and it has three components which are moderation, reasonableness, and the need for built-in resilience against the risks which arise from internal or external change². Rhineland is the integrated approach and embedded in every aspect of the organization. Avery's (2005) sustainable leadership grid was developed by containing 19 elements offers a relatively comprehensive approach to assessing embedded sustainable leadership practices in organizations³. Later on, Avery and Bergsteiner (2011) expanded the list of practices to 23 by adding

four elements⁴. Regarding the above approaches, Honeybee leadership is the possible approach to ensure corporate sustainability.

Describing the characteristics of Honeybee leadership for all 23 elements mentioned by Kantabutra and Saratun (2013), Kantabutra and Avery (2013), and Kantabutra (2012)^{4, 5, 6, 7}, there are 14 foundation practices for Honeybee framework. **Developing people** is about growing their own managers, as opposed to importing them, and develops everyone continuously. **Labor relations** are employees, unions and management shares the power. Employees represent on boards of large companies and it seeks for cooperation and friendly relationship. **Retaining staff** is considered as the firm retains their staff with a low turnover rate and values the long tenure at all levels. They also focus on developing their staff and hardly downsize the business or outsource. **Succession planning** is a firm rather promotes the employee from within to a higher position wherever possible and not taking outside people to fill in the available position. **Valuing staff** is concerned about employees' welfare. People are given the priority in the organization and the firm also heavily invests in their people. **CEO and top team** is considered as one. CEO works as top team member and appoints top team speaker who speaks on behalf of the management team and there is no heroic CEO. **Ethical behavior** is about concerning ethics as explicit core value that everyone adheres to. Ethics are also being practiced in their entire operations and are seen in their actions. **Long-term perspective** is preferred to a short term. Long-term perspective is adopted in the decision making and concerns for the long-term effects. **Organizational change** is an evolving and considered process. Change is anticipated, managed and prepared for it. It is not a fast fix. **Financial markets orientation** is challenging and resisting the investors to take a long-term view. The firm does not concern too much about short-term profitability. **Responsibility for environment** is a must and seen as being competitive advantage and savings as opposed to reduce profits. The firm prefers to protect the environment. **Social responsibility** permeates organizational thinking and action. They do not perceive money spent on being socially responsible as reducing profits but they value people and community. **Stakeholders** are broadly focused, including everyone holds a stake in their businesses. Stakeholders also include future generations and society. Everyone matters and they do not focus only on shareholders. **Vision's role in the business** is

considered that sharing view of future is an essential strategic tool which can be used to drive the business.

There are 6 elements at higher-level practices. **Decision making** is consensual. Relevant people, not only managers, have a chance to input ideas/opinions into the decision making process, which is opposed to primarily manager centered. **Self-management** is about staffs are mostly self-managing. No need for management intervention. **Team orientation** is that a team is extensive and empowered and considered teamwork as a core process. **Culture** is fostered an enabling, shared widely, and strongly rooted in history which might be possible because people are retained. **Knowledge sharing and retention** is considered about managing and spreading knowledge throughout the entire organization which is enabled by high staff retention. **Trust** is high through relationships and goodwill. There is no controlling, monitoring and management intervention.

For the key performance drivers, they are consisted of 3 elements. **Innovation** is strong, systematic and strategic managing. It focuses on incremental innovation in process, service and product. Do not focus on radical innovation only. **Staff engagement** is about values emotionally committed staff and resulting in commitment. Staff looks for intrinsic values, as motivators, more than financial rewards which lack of emotional commitment expected. **Quality** is embedded in culture and must be developed and controlled. They do not focus on cost cutting and speed.

Small Thai Enterprise: Sa Paper Preservation⁸

Kantabutra and Suriyankietkaew (2013) discussed that the findings can link to sustainable enterprise since 14 elements are conformed to 19 criteria of Rhineland framework. There are many evidences supporting long-term perspective for example, the pace of business expansion is regulated by availability of capital, labor and natural resources. The firm promotes traditional wisdom which can preserve local tradition while creating works and stimulates economic growth for its entire stakeholders' system. In terms of people priority, its staffs are treated as family members. Though the demand is higher but the company refused to replace staff by machinery. The firm

emphasizes nurturing happiness among employees as it is considered as keys to produce innovative products. Employees are allowed to work at home to stay closer to family if they prefer. In terms of organizational culture, staffs have the similar goals to encompass sustainable growth, preserve traditional crafting and develop community. In terms of innovation, the company innovated to replace chemical dyes by natural products. Natural color formulas were developed by using a variety of bark, leaves, fruits and flowers which helps the firm to export globally where environmental laws and regulations are strictly enforced. In terms of social and environmental responsibility, it is the only firm in community to devise waste water management system to ensure there is no pollution of rivers. Many times suppliers, mainly local people, are paid more than the bill as it is an empathic feeling to them for their tough work collecting mulberry uphill for the whole night. In terms of ethical behavior, company ensures that products meet every specific detail such as double checking of page number of the book before export. Client's own design is kept confidentially to prevent being seen by competitors.

Mahidol University⁴

Kantabutraand Saratun (2013) discussed that the findings can link to sustainable enterprise since 21 elements are conformed to 23 criteria of Honeybee framework. There are many evidences supporting long-term perspective such as university has started developing a talent pool for future succession planning. They prepare their staffs to be competent with the coming change such as AEC in 2015. In terms of staff development, staff orientation is provided to new staff for 1 month. Workshops have been conducted to communicate and immerse staff into the university's core values. 360-degree evaluation was done twice in 2011 and result helps individual to determine their own development plan to bring up leadership behaviors. In terms of Organizational culture, there are strong cultures such as altruism and integrity. They also recruit people who are competent and possess the required share values. In terms of innovation, the university has always been maintaining a record of strongest research performance. They encourage staffs to innovate through program called "routine to research (R2R)". In terms of social responsibility, its core values particularly relating to social contribution can be traced back to the founder

(King Rama V) of the hospital which altruism is one of them. It also has a vision to be a promised place to live and learn with nature. In terms of ethical behavior, core values have been expressed as “wisdom of the land” while wisdom is about knowledge with morality of ethics. Mastery is one of the core values that directly drive the determination statement.

Asian industrial conglomerate⁵

Kantabutra and Avery (2013) discussed that the findings can link to sustainable enterprise since 23 elements are conformed to 23 criteria of Honeybee framework. There are many evidences supporting long-term perspective such as paying stable dividends to investors and maintaining its share price. Conglomerate’s ten-year plan contains the express goal of becoming the sustainable business leader in ASEAN. In terms of staff development, it heavily invests in developing people aiming to improve employees’ health, knowledge and competencies. All employees are eligible for training and it prefers to promote from within. In terms of organizational culture, they practice their core values so the roots grow deeper than write and then practice. CEO in person briefs new employees on vision, core values, corporate philosophy and code of conduct during orientation. It also encourages exchanging and sharing knowledge among employees. In the year of crisis, no termination was done but asked for collaboration to join hand in hand to pass through the crisis together. In terms of innovation, it has strong focus on research and development to add more value to customers, products, services, processes and new business models as they considered that innovation is key to survival and capacity to compete. It also promotes collaborative working condition to drive innovations and this will help firm keep at the forefront of its sector. In terms of social responsibility, the group has sponsored numerous environmentally- and socially beneficial projects, often initiated by employees and become a role model. As in 2011 floods, the conglomerate provided assistance to its employees and their families as well as the rest of community. In terms of ethical behavior, the conglomerate regards competence and moral integrity as inseparable in contributing to sustainable growth and prosperity for both the organization and the community.

True Corp⁶

Kantabutra (2012) discussed that the findings can link to sustainable enterprise since 22 elements are conformed to 23 criteria of Honeybee framework. There are many evidences supporting long-term perspective such as several major changes led to extremely high expenses in infrastructures e.g. starting up mobile phone services. Fully aware that the difficult and potentially risky decisions did not lead to short-term profits to the company, True made them for the benefit of their customers and to create a new organizational identity. In terms of developing leaders within the business, True offers a competitive salary, employees are treated as family with plenty of opportunities to grow. Training and development programs are offered to employees at all levels. Promoting from within is given priority wherever possible. In terms of fostering a strong organizational culture, True and members share these core attributes; caring, creative, credible and courageous. Staff is treated as family. Therefore, staff can express their concerns at any time. Every year, True hires an external company to conduct employee engagement survey to assess staffs' feeling and satisfaction. Top management visits front-line employees at least once a month. In the economic downturn, they decided to alleviate employees' burden by offering a living allowance to those whose salary was lower than 33 US dollars and adjusting the base salary and bonus scheme. Teamwork is emphasized to enhance creativity by having several small meeting rooms on each floor where team can brainstorm ideas to innovate. In terms of supporting incremental and radical innovation, innovative ideas come from employee at all levels, customers and stakeholders. They have many brainstorming sessions and workshops then come up with many ideas. In terms of championing social responsibility, True takes its CSR role seriously and regularly organizes numerous activities relating to education e.g. Plook Panya project, energy and natural preservation that involves youngsters. CSR budget is allocated and maintained even in the times of financial difficulty. In terms of exhibiting ethical behavior, True strives to disclose all pertinent information to ease employees' worries and reassure them that there will not be any layoffs. True's board of directors has played a crucial role to closely monitor a firm's performance to prevent any conflict of interest and to protect the benefits of all stakeholders.

Bathroom Design Company⁹

Kantabutra (2012) discussed that the findings can link to sustainable enterprise since 18 elements are conformed to 19 criteria of Rhineland framework. There are many evidences supporting long-term perspective such as the firm gives the first priority on investment for customers by providing full pre and post service. They also minimize risk by expanding market from domestic to global as well as using several currencies to minimize risk from exchange rate. For staff development and retention, the firm gives high priority to employees by providing both specific and life skill training. The company also encourages its executive to study abroad with full financial support. Empowering people is implemented here by encouraging employees to manage and lead themselves. Employees, by this way, are engaged to the company as they are a part of the company and its success. Job promotion is also selected from within instead of recruiting outsiders. In terms of organizational culture and vision, strong organizational culture is supported by company's policy and norm such as no lay-off policy, social responsibility and promotion from within. To maintain strong culture, the firm recruits staff whose personal values are conformed to the firms'. The firm also treats stakeholders as a big family. With these cultures, it makes this company a happy place to work. In terms of innovation, Bathroom Design focuses on product development and invests a lot in R&D. The firm encourages new idea by setting "Creative Saturday" where employees can share idea and suggestion on product improvement. Social responsibility is implemented by encouraging employees to donate part of salary for charity and supporting CSR activities such as building school and construct bathroom in temples. The firm also helps their staffs by supporting free food for less privileged employee. In terms of ethical behavior, paying debt on time with full amount shows that the firm behaves as an honest partner to others. For salary, employee is paid worthy and higher than industry standard.

Siam Cement Group¹⁰

Kantabutra and Avery (2011) discussed that the findings can link to sustainable enterprise since 19 elements are conformed to 19 criteria of Rhineland framework. There are many evidences supporting long-term perspective such as issuing same dividend to challenge investors to take long-term perspective. Long-term strategies

and plans are often involved with investments for future growth and competitiveness such as business restructuring, innovation and R&D, knowledge management and employee development. In terms of investing in staff, the group provides scholarships for further studies at leading national and international universities, so that the trainees can become the group's future driving force. In the last promotion, top management level including CEO volunteered to resign to allow a new group of top managers to take over and they became the advisory team. This creates a spiral effect throughout SCG that next levels of managers moved up. In terms of organizational culture, it is deeply rooted in shared values and vision. Strong bond of loyalty harnesses full cooperation of employees has helped it survive in the past crisis. Corporate values and strategy have been promoted to unify its diverse workforce in working towards this common goal. SCG has never laid off employees even in times of economic difficulty. In terms of innovation, SCG developed the world's first ceramic tile to mix natural materials that infuse aroma in tile body. SCG also committed to create more value for products, services, processes and new business models. In terms of social and environmental responsibility, the group has sponsored numerous environmentally and socially beneficial projects initiated by employees. When Baht was devalued in 1997 Asian economic crisis, instead of selling Baht to buy US dollars, the board considered that buying US dollars would have devalued the Baht further. Then SCG decided to expand regional markets and attract foreign currency into Thai economy. In terms of ethical behavior, it was observed during crisis that SCG did not seek debt reduction or restructuring or propose lay-off program. The only step it took was to introduce an early-retirement program.

Thai healthcare service provider: Theptarin Hospital

Kantabutra (2009) discussed that the findings can link to sustainable enterprise since 15 elements are conformed to 19 criteria of Rhineland framework. There are many evidences supporting long-term perspective such as the firm avoids listing in stock market which is pressured to make short-term profits. They also develop their own medical professionals and managers which results in 90% of top team have been with the firm since its inception. In terms of staff development, Theptarin promotes from within because it develops professionals specifically for its services and these

skills are not available outside. In terms of organizational culture, there are a lot of strong cultures for example, physicians, nurses and medical professionals are referred to “ajarn” or professor which represents the value of Theptarin as a university teaching hospital. There was no lay off during crisis but strong teamwork dominates when the top to mid-level managers reduced their salaries to save money for hospital. In terms of innovation, Theptarin is recognized as a model of diabetes treatment and prevention which helps maintaining its leadership position in its field. In terms of social responsibility, though it is private but it serves broader community by sharing its knowledge with other institutions and for clients and their families. In terms of Ethical behavior, there is a system to monitor fees to prevent excessive charging. Theptarin is willing to provide the healthcare service to everyone regardless the social and financial status of them.

All findings from previous studies endorse sustainable leadership which support corporate sustainability based for financial performance, capacity to endure difficulty economic and social situation, and ability to maintain a leadership position.

Since sustainable leadership has gained support in Thailand as an approach to ensure corporate sustainability and no study has been conducted into Ajinomoto Co., (Thailand) Ltd., the present study adopts the Honeybee leadership as a framework to explore business practices of a business in the proposed industry to determine if they are consistent with Honeybee leadership. Recommendations to improve the business practices so that the business can be more sustainable will also be provided. Methodology used for the present study is discussed in the next chapter.

CHAPTER III

METHODOLOGY

To answer the research question, in-depth interview and non-participant observation techniques are adopted as the data collection approaches because in-depth interview is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents to explore their perspectives on a particular idea, program, or situation¹¹. It is useful when detailed information about a person's thoughts and behaviors are needed or when new issues are explored. An advantage of in-depth interview is that detailed information is provided much more than what is available through other data collection methods such as surveys. It also may provide a more relaxed atmosphere in which to collect information. For non-participant observation technique, researcher does not participate in an activity or situation¹². It can reduce the risk of Hawthorne effect by reducing the level of interaction between the researcher and the participants. It is also easier to record information and observations if researcher is not participating¹³.

Open-ended questions are used because they do not provide answer categories. The respondent who is asked an open-ended question formulates the answer and gives the response in his or her own words¹⁴. Open-ended questions permit a respondent to provide an unstructured response of varying length and detail. The words people use to answer a question tell a lot about what they think and feel. They provide more varied and textured information than closed-ended questions and often can provide insight that was not anticipated by the survey designer¹⁵.

A list of open-ended questions is developed because it makes the interviewer get the suitable and sufficient information from respondent within a proper interviewing period. These questions are provided below.

Table 3.1: Questions listed corresponding with Honeybee framework

Honeybee Elements on the Sustainable Leadership Grid		Questions listed		Interviewee				
				Director	HR Manager	R&D Manager	Employee	Stakeholder
1	Developing people	1	How much of budget do you allocate for training?		/		/	
2	Labor relations	-	N/A					
3	Retaining staff	2	How about average staff retention rate?		/			
4	Succession planning	3	From the past 5 years, how many executives have been promoted from within?		/		/	
5	Valuing staff	4	What kind of compensation do you get from company?				/	
		5	How does the company treat you?				/	
		6	How is your working environment?				/	
6	CEO and top team	7	Can you give me the example how CEO makes a decision?		/			
7	Ethical behavior	8	How do you feel about the product/service?				/	/
		9	How are you being treated?				/	/
		10	Have you been treated ethically or not?				/	/
		11	How do you feel about this company?				/	/
8	Long- or short-term perspective	12	How about the expansion/investment policy?	/				
		13	What is your target at the end of this/next year?				/	
		14	How do you feel if this quarter/year you cannot reach the target?				/	
9	Organizational change	15	Can you give me the example how the change is implemented in organization?				/	
		16	How do you prepare your employees for AEC?	/	/			
		17	Do you plan for any future products?	/	/	/	/	
10	Financial markets orientation	-	N/A					
11	Responsibility for environment	18	How do you treat the waste water?				/	
		19	How about any investment plan for the environment?				/	
12	Social responsibility (CSR)	20	How about the budget for CSR?				/	
13	Stakeholders	21	How does company deal with outside parties?					/
14	Vision's role in the business	22	How do you envision for this company in the next 10 years?	/			/	
15	Decision making	23	How the decision is made normally?				/	
16	Self-management	24	How does your manager involve in your current job?				/	
17	Team orientation	25	What do you do?				/	
18	Culture	26	What are your core values?		/			
		27	How do your employees practice it?		/			
19	Knowledge sharing and retention	28	How do you get knowledge to work for your current assignment?				/	
		29	Do you have any specific knowledge on your activity?				/	
20	Trust	30	How do you allocate the assignment to your working team?				/	
		31	How do you have a relationship with your colleagues?				/	
21	Innovation	32	How do you invest in developing product?			/		
		33	How often do you launch new product to the market?			/	/	
		34	Are you allowed to give suggestion to your work?				/	
22	Staff engagement	35	How do you feel if you have to do other things beyond your role and responsibility?				/	
23	Quality	36	How do you say about product quality of this company as you are one of customers?		/	/	/	/

To ensure the validity of the data, the probing technique is adopted. Probing technique is another strategy for finding out more detail. Sometimes it is as simple as asking your respondent for an example to help interviewer understand a statement they have made. At other times, interviewer needs additional information for clarification. Probing questions are good for gaining clarification to ensure interviewer has the whole story and understands it thoroughly. They are also good for drawing information out of people who are trying to avoid telling interviewer something¹⁶.

Reflective note taking is also used to fulfill two major functions: to record information and/or to aid reflection. Over and above the drawing up of a simple memory aid, such as a shopping list, or a record of actions, such as a diary, one of the major aims of note taking is to build up a stable external memory in a form that can be used at a later date¹⁷.

The sample is convenient as interviewees are 5 managers, 15 employees.

Following the previous studies (Kantabutra and Saratun, 2012; Kantabutra and Avery, 2013; Kantabutra, 2012), Honeybee leadership is adopted as the framework to collect and analyze data. Analysis table will be referred to Honeybee as in figure 2.

Table 3.2: Analysis table referring to Honeybee framework

Honeybee Elements on the Sustainable Leadership Grid	Typical Thai Firm	Extent to Conform		
		Least Evident	Moderately Evident	Most Evident
1	Developing people: grow their own			
2	Labor relations: cooperation			
3	Retaining staff: strong			
4	Succession planning: strong			
5	Valuing staff: strong			
6	CEO and top team: top team speaker			
7	Ethical behavior: an explicit value			
8	Long- or short-term perspective: long term			
9	Organizational change: considered process			
10	Financial markets orientation: challenge			
11	Responsibility for environment: strong			
12	Social responsibility (CSR): strong			
13	Stakeholders: broad focus			
14	Vision's role in the business: shared future			
15	Decision making: consensual			
16	Self-management: strong			
17	Team orientation: strong, self-governing			
18	Culture: strong			
19	Knowledge sharing and retention: strong			
20	Trust: strong			
21	Innovation: strong			
22	Staff engagement: strong			
23	Quality: high is a given			

Criteria for analysis

- Most evident
= exactly like Honeybee
- Moderately evident
= somewhat like Honeybee
- Least evident
= somewhat like Locust
- Does not conform
= exactly like Locust

Total elements in conformity

Legend: / = conforms; - = does not conform; ? = not known

Referred to Avery and Bergesteiner; 2011, the 23 Honeybee practices have been arranged in the form of pyramid to serve as a guide for intervention. The practices form three groups in the pyramid: foundation practices, higher-level practices, and key performance drivers. A fourth level crowning the pyramid contains performance outcomes that research shows contribute to sustainability:

1. Foundation practices can be introduced at any time management decides to do so. The 14 foundation practices include programs for training and developing staff, striving for amicable labor relations, staff retention (avoiding layoffs), succession planning, valuing employees' experience and their contribution to customer loyalty

and to innovation, deciding whether the CEO's role is to be that of hero or top team member, ensuring ethical behavior, promoting long-term thinking, managing organizational change sensitively, striving for independence from the financial markets, promoting environmental and social responsibility, balancing multiple stakeholder interests, and ensuring that a shared vision drives the business.

2. Higher-level practices consist of six practices cover devolved and consensual decision making, creating self-managing employees, harnessing the power of teams, developing a trusting atmosphere, forming and organizational culture that enables sustainable leadership, and sharing and retaining the firm's knowledge. The pyramid has been developed on the idea that when relevant foundation practices are in place they facilitate and support the emergence of the higher-level practices.

3. Key performance drivers create the third level. The elements of innovation, staff engagement, and quality essentially provide what end-consumers experience and so drive organizational performance. The key performance drivers in turn emerge from various combinations of the foundation and higher-level practices.

Ajinomoto Co., (Thailand) Ltd., selected to conduct the research on leadership sustainability, was officially established on April 29, 1960. It is the first overseas MSG production base of Ajinomoto Co., Inc., Japan to produce AJI-NO-MOTO®. More than half century the company has gone through immense diversification with the establishment of companies in Thailand with 7,000 staffs approximately, manufacturing various products and services such as seasoning flavors, instant noodles, processed foods, frozen foods, beverages, L-Lysine, and packaging materials.

CHAPTER IV

FINDING

The results show that Ajinomoto Co., (Thailand) Ltd.'s leadership philosophy is matched to Avery and Bergsteiner's (2010) research framework and is largely consistent with Honeybee approach. Summarization of the fit between the data and each practice in the sustainable leadership grid using is showed in figure 3. There are three categories to represent the degree of conformity: least evident, moderately evident and most evident in the data.

Table 4.1: Sustainable leadership grid comparing Honeybee criteria and Ajinomoto Co., (Thailand) Ltd.

	Honeybee Elements on the Sustainable Leadership Grid	Ajinomoto Co., (Thailand) Ltd.	Extent to Conform		
			Least Evident	Moderately Evident	Most Evident
1	Developing people: grow their own	/			
2	Labor relations: cooperation	N/A			
3	Retaining staff: strong	/			
4	Succession planning: strong	/			
5	Valuing staff: strong	/			
6	CEO and top team: top team speaker	/			
7	Ethical behavior: an explicit value	/			
8	Long- or short-term perspective: long term	/			
9	Organizational change: considered process	/			
10	Financial markets orientation: challenge	N/A			
11	Responsibility for environment: strong	/			
12	Social responsibility (CSR): strong	/			
13	Stakeholders: broad focus	/			
14	Vision's role in the business: shared future	/			
15	Decision making: concensual	/			
16	Self-management: strong	/			
17	Team orientation: strong, self-governing	/			
18	Culture: strong	/			
19	Knowledge sharing and retention: strong	/			
20	Trust: strong	/			
21	Innovation: strong	/			
22	Staff engagement: strong	/			
23	Quality: high is a given	/			
Total elements in conformity		<u>21</u>			

Legend: / = conforms; - = does not conform; ? = not known

Figure 3 reveals a moderate or strong fit on 20 of Honeybee's 23 elements. Only one which is CEO and top team as top team speaker shows the least evidence. Labor relation and financial market orientation are not applicable since Ajinomoto Co., (Thailand) Ltd. does not have a union and is not listed in stock market

Fundamental practices

From data collection, we have many evidences showing that Ajinomoto Co., (Thailand) Ltd. has a strong intention to develop their employees. HR team works proactively by setting up training program pattern that each position should be acquired for basic needs. In addition, HR prepares special training courses to develop employees in the indirect aspects that will be beneficial for employees themselves. Before the next coming year, budget will be prepared in advance and maintain the same even in the year of crisis.

“I can choose the training course that I wish to learn and send my request to HR each year. Then HR will prepare budget for next year training course and arrange the program for us. Everything is planned and managed in advance” (A Research & Development employee).

“HR also concerns about the lecturer profile and characteristic. HR always conducts a survey after finish training in order to evaluate all aspects of training session including lecturer's performance” (A Human Resource employee).

Apart from training arranged by HR, each employee has a right to search for the interesting courses by himself and pass to HR for training registration and payment handling.

For the point of view related to staff retention, it is found that there is around 20% of employees work for more than 20 years, 45% work for 10 to 20 years and the last 35% work less than 10 years. Considering these figures, the new generation who works less than 10 years is a big portion. It is caused from two reasons which are there really is a high turnover rate in Ajinomoto Co., (Thailand) Ltd. and there is the business expansion in the last 10 years and a lot more manpower are recruited to support the expanded business. Deeper question is asked and found that there is less than 10% of employee resignation which is considered as low rate comparing to the

same industry. Ajinomoto Co., (Thailand) Ltd. expects long service years of every employee. They always ask about the rationale of resignation from each employee who proposes for resignation and try to solve individual matter to keep the person with the company.

Succession planning is prepared for the potential managers or directors. This is showed by the lower number of Japanese expatriates year by year. This is because Ajinomoto Co., (Thailand) Ltd. open the high positions to support the growth of Thai employees. Promotion from within is given a priority where it is possible.

Moderately evident conformity is found in valuing staff. There is a yearly medical budget support at 15,000 Baht for each employee. Bonus is offered in the year end at the higher rate comparing to the average of food industry field even in a tough business condition for example coup (red shirt) and flooding. There is a calculating guideline and system about each payment and compensation. Working environment looks a bit crowded and there is no personal area because no partition separates one from another. However, it seems everyone working here can adapt themselves to be familiar with this condition.

Obviously, Ajinomoto Co., (Thailand) Ltd. invests in developing staffs, growing its own managers, holding a low turnover rate comparing in the mutual industry, and valuing people is clearly one of the company's core values.

CEOs play a big part on guiding the direction of the company. CEOs also have impact influence on creating the projects to support their visions. The decision is mainly made by the CEO's judgment however, with supporting data and information from the top team members.

Ethical behavior is much concerned and focused here. Every working process has to be transparency and there is the third eye to do a cross check function. The firm also provides the phone number at the product labeling in case that the consumer would like to ask for more information of the product or even do a product claim. There is no lay-off policy for Ajinomoto Co., (Thailand) even in the times of difficulty.

There is a long term perspective of Ajinomoto Co., (Thailand) Ltd. for their business in Thailand or even a plan to support the emerging countries. Although they faced the crisis from flooding by losing one of factories in Ayutthaya, they still keep their plan to construct more factories to expand production capacity and ready to serve more for nationwide. The available capacity of each factory right now will be fulfilled by the many products in pipe line that are now under developing to serve for the changing trend of consumers, solving the consumer unmet needs and making a better life for all consumers.

Organizational change has been considered of its process and period of time to do so. Before the change is implemented, the schedule has been drafted and planned to develop the change location by location or unit by unit. A good example is when the document system was planned to be the online system instead of hard copy one, timeline was set to let the employees had time to get to know the system and had the hands-on experience by system trial. Then it was implemented and expanded by location and until it covered all factories.

Responsibility for environment is highly implemented at Ajinomoto Co., (Thailand) Ltd. Most of factories are certified for environmental management system or ISO 14001. Walking around factory, for example Phra Pradaneg factory, there are many activities related to environment concern on the announcement board.

“Since we are located next to Chao Phraya river, we have a project to recycle waste water via ultrafiltration process to be able to reuse in the process and this can reduce the water to be treated and can lessen the amount of treated water releasing to Chao Phraya river” (An engineer, Phra Pradaeng factory).

“At the production process, we control the smell that might happen from processing by investing in wet scrubber to capture those volatile compounds and eliminate them from the air before releasing to the community” (A production member, Birdy factory).

In addition, social responsibility is also one of the key elements that Ajinomoto Co., (Thailand) Ltd. pays attention to. More projects are created and repeated yearly in order to stimulate awareness toward of employees for example, Aji-Asa (Ajinomoto

Volunteer) that they visit temples and schools in the community to improve a better place for them. Mottainai project which is the project that they try to convey a sense of regret concerning waste to employees. Those stuffs of employee which are no longer used anymore will be collected and distributed to those who are unequipped.

From the above information, the company's ethical principles and focus on social responsibility can be observed in many aspects of the business. The focus is more on stakeholders' than shareholders' interests. With ethics and social responsibility as the company's core values, its employees have always been a key factor in the rising prosperity of the company.

Vision's role in the business of Ajinomoto Co., (Thailand) Ltd. is shared from top to lower level. Employees have heard about future plans or directions of the company but not everyone is able to answer about it. Some departments have set up the unit's vision which gets along with the corporate vision.

“Our manager shares the importance of the corporate vision and our unit's vision to all of us in our morning meeting. She expects all of us to understand the direction of company where our goal is and then our unit can work to support the goal achievement” (A research & development employee).

Higher-level practices

Decision is made on the agreement of parties related. On each topic, concerned parties are invited to participate and discuss on each point of view. Although it takes time to do so but it is considered by Ajinomoto Co., (Thailand) Ltd. that the consensus from working team will be the most appropriate to each working scope even though it is not the best way or it does not give the highest profits.

“When we have some problems to solve, each unit raises up their concerning points and finally we can find the optimum solution for all of us. Then we all are happy to work with it” (An industrial engineer, Nong Khae factory).

“Before we change some working systems, every related function is invited to the meeting for sharing and discussing. The project owner will go back to reconsider

and revise those issues before finalizing based on the agreement of committees” (A quality assurance employee).

By these consistent evidences, Ajinomoto Co., (Thailand) Ltd. has conformed to Honeybee approach on the decision making is consensual and devolved.

Ajinomoto Co., (Thailand) Ltd. emphasizes on self-management of employees to be able to work independently. In case of new comers joining Ajinomoto Co., (Thailand) Ltd., one project, at least, will be assigned to them to drive their own project with a coaching given by superiors periodically. They believe that on-the-job training makes the employees being trained, getting working experience directly and the knowledge that employees get will stay long lasting.

“I was newly graduated in Bachelor’s degree with a zero working experience. At Ajinomoto Co., (Thailand) Ltd., they offer me an opportunity to plan my own work, drive my own project, share my opinion freely and get some comments or guidance from superior” (A key account representative).

In addition, self-management can be confirmed through a project with working team of Ajinomoto Co., (Thailand) Ltd. as well. Each task is assigned to each function who knows it best and let them proceed their work based on the same direction and objective.

“As a project leader, job assignment has been designed to be suitable to each expertise and experiences. I let them work on their own under the same project schedule and target. Monthly meeting is set up to update progression from each team and discuss on relevant matters. Urgent meeting will be set up occasionally when some unforeseen problems occur” (A project leader).

Working in a project team, consists of members from many working functions, is one of the important theme for Ajinomoto Co., (Thailand) Ltd. This activity is promoted and supported by top management as well. Cross functional working team will be helpful to extend the picture and fill up the knowledge gap of each other according to one’s specialization. Many cross functional teams have been set up for many projects for example, Birdy 3in1 capacity expansion, Birdy new factory construction and Automation of packing machine implementation.

“I have a chance to be a part of capacity expansion team. Each representative from each unit has a clear responsibility. We can share and discuss among team members for a better solution for the project” (A production member, Phra Pradaeng factory).

A set of corporate value is set as Ajinomoto’s culture. Ajinomoto emphasizes on value to customers which is provided towards products and services to give the utmost satisfaction. Value to employees is promoted via quality of work life which is opportunity of employment, development and career advancement with good working environment. No discrimination happens here and everyone is treated equally. To communities, Ajinomoto considers its responsibility to strive for a healthy society by contributing to the economic, social, cultural, educational and environmental development. Ajinomoto also exercises all fairness to all business partners and creates trustworthiness to shareholders.

Ajinomoto Co., (Thailand) Ltd. is committed to develop each employee to be able to work on one’s own. Thus, knowledge is always shared inside the company and affiliates. It happens in many ways such as superior shares to subordinate, among colleagues, Japanese boss to Thai staff or even technical information sharing from overseas company that has experience and know-how on that thing. Technical transferring from the original country, Japan, has been done for a long time by transferring amino acid knowledge to Thais.

The relationship among employees in Ajinomoto Co., (Thailand) Ltd. has been considered as friends and family. Employees do not feel that they have to compete their colleagues about their work or promotion so they can trust and talk sincerely to each other. They also have the other activities together besides the company-related matter for example badminton members.

“I feel like I come to meet my friends every day. It is no need for me to concern about behind- my- back thing. Though my work is tough but it can ease me when I talk to my colleagues. We can consult both working matter and personal matter” (A research & development employee).

Obviously, employees' opinions have been listened to make a consensus to all working team. Employees can work independently and have been empowered for a cross working team project. These all stimulate the knowledge sharing among Ajinomoto's employees and create trust to everyone.

Key performance drivers

Ajinomoto Co., (Thailand) Ltd. has established its own R&D function for consumer food product in a last 10 years ago. So know-how is gradually accumulated time by time which is gained from Ajinomoto Japan sharing and direct experiences. Considering current position, more know-how is being accumulated in order to cultivate that knowledge and turns it into a more innovative way. However, there are some studies for a fundamental research which is prepared to be applied with technology in order to create in-house innovation in the future.

“We invest in analytical machines and equipments in order to deeply understand the mechanism and find out key elements and cultivate our own know-how which can support to develop innovative product in the future” (A research & development employee).

Considering on another viewpoint of fermentation process, Ajinomoto Co., (Thailand) Ltd., acquires its own technical know-how on amino acid and strain to make more productivity and improve their production yield of MSG which cannot be imitated by the others. This in-house knowledge is accumulated for more than 50 years and further developed continuously.

“We have our own technology on strain selection for MSG production. It is more and more researched and developed to maximize production performance and at the same time, by product is also studied to be used in other industry in order to minimize or eliminate waste from production process” (A technical employee).

Based on this evidence, Ajinomoto Co., (Thailand) Ltd. shows the most evident compliance to Honeybee sustainable leadership framework in innovation since they are now making themselves ready and be able to generate their own innovation.

Staff engagement is somehow being built gradually in the organization. The tendency can be seen from the service years. The higher the service years, the more staff engagement employees have. Not a great but the best effort is put on their work in order to the success of company business for example in launching a new product.

“I used to think that what benefits company can offer to me when I was a staff. Then when I turned to be a supervisor, I considered myself what I am able to contribute for the company” (A research & development employee).

Ajinomoto Co., (Thailand) Ltd. shows moderately evident compliance to Honeybee sustainable leadership framework on staff engagement based on information mentioned above.

Since Ajinomoto Co., (Thailand) Ltd. is a food supplier for a well-being of people, they never stop researching and developing a better product quality to supply into the market. Quality improvement projects of those Ajinomoto’s products are always activated for the next challenge.

“There is no compensation for quality. Think about it as we are one of Ajinomoto’s customers, everyone would like to get product with the best quality” (A research & development general manager).

Based on the Ajinomoto’s strong intention to continue developing by considering of utmost customer’s benefit and satisfaction, it shows most evident compliance to Honeybee framework on quality issue.

Discussion

From observations and interviews, Ajinomoto Co., (Thailand) Ltd. appears largely consistent with Honeybee framework. There are 21, out of 23 elements, conform to Honeybee criteria and the other two elements are not applicable.

Out of 21 elements, there are 7 elements perform the most evidence to consistent with Honeybee which are, explicit value of ethical behavior, responsibility for environment, social responsibility, broad focus of stakeholder, strong knowledge sharing, strong innovation, and high quality given.

There are 13 of 21 elements shows moderately evident conformity to Honeybee. Developing people to grow their own manager exists there were sometimes hiring people from outside to be a manager since the new generation's skill and capability is under developing and is not sufficient to be responsible at management level right away.

Staff retention is set as one of core values at Ajinomoto Co., (Thailand) Ltd. and the firm never has a lay-off policy. However, high turnover is mentioned in some working functions which the main reasons for resignation are continuing their master's degree, getting a new job and doing own business.

Succession planning is planned for the new generations to grow up at higher level. Since some have high turnover rate, then the successor is being developed and not well-equipped yet. Some working level is not planned for the successor.

Valuing staff is implemented but there are some gaps to meet the most evident conformity of Honeybee. As they create rules to regulate each payment and compensation but sometimes the situation is beyond and not covered by the rule. The compensation that employee can get sometimes depends on the negotiation of superior to HR department. If superior is considered the rule as the priority, negotiation for a special case will not happen.

Ajinomoto has a long-term perspective by spending a huge investment for new constructed factories by knowing that there are some risks they have to take. However, yearly target is always set and employees are encouraged to achieve it. This makes staff's mind sometimes too focus on the present and overlooks for future planning or vision.

Change is a considered process and a lead time before change implementation has been prepared. However, the company does not fully set a change team to gradually influence the other employees to follow. Currently it is about informing the timeline that they set for a change implementation and ask a co-operation from each department to finish it on time. Sometimes, there is a limited time to develop employees for acquiring the new skill which does not fully match with the highest conformity level of Honeybee.

Vision is shared in the company but it does not cover to all employees. Some units are still lack of the vision sharing information and some levels of employees do not understand how the corporate vision connects to their work which does not fully conform to Honeybee as the shared vision of the future is expected to be used as one of an essential strategic tool.

Decision making is often mutually made among related members. However in some cases of Ajinomoto Co., (Thailand) Ltd., the decision is done by the order from the top management and the employees have to adopt that conclusion and go on for their work which is not fully conformed.

Self-management is enhanced by general orientation and throughout on-the-job training to fulfill working skill to employees. However, since the organization is in a high hierarchy, there are lots of working levels that the information is reported. At the same time, one junior manager is managing a few number of staffs and this is easy for manager to follow up their staffs. So, the staffs have to report progression step by step to their manager and consult for guidance and suggestion to move on next step which sometimes limit independent working of staffs.

Team orientation is encouraged by Ajinomoto Co., (Thailand) Ltd. by establishing many project teams. Members in team are the combination from different working functions and there are multi-skilled people consisting in team to drive their project on their own. However, some issues are the limitation that the working team does not have a right to decide by themselves such as budget approval.

Culture rooted in Ajinomoto Co., (Thailand) Ltd. is clean business and fair to everyone related. They do the business with transparency and regulation compliance as always. However, some cultures were disappeared for example, a bigger organization of the firm results in the lower relationship connected among superiors and subordinates. Job rotation of Japanese managers happen every 4-6 years and some cultures were lost when the existing one returns to Japan and the new one is coming with the different management style.

Result-oriented and self-commitment are adopted by Ajinomoto's employees who have worked with the firm for a while and already have the engagement to the

company. However, some are still working for tangible rewards as they are the extrinsic motivation while Honeybee framework is promoting for the intrinsic value and result commitment.

In addition, there is only 1, out of 21 elements, shows the least evident conformity which is CEO works as top team members. The CEO is still a leader who controls and direct the company's way towards the future although there is the back-up information from the related top management members whereas Honeybee framework is supporting for the CEO works as one of top team members.



Table 4.2 : Comparison of sustainable leadership grid comparing Ajinomoto Co., (Thailand) Ltd. against previous studies

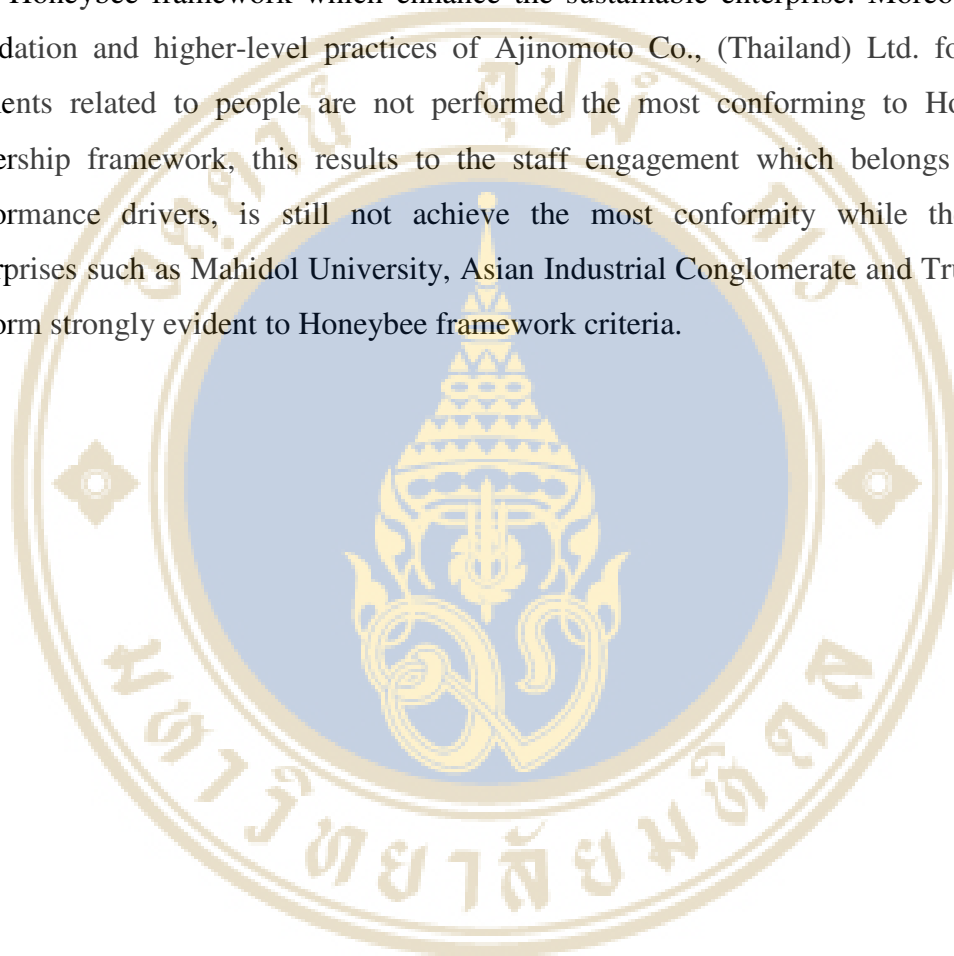
Company Leadership framework	Ajinomoto Honeybee			1: Sa Rhineland			2: Mahidol Honeybee			3: Asian ind con Honeybee			4: True corp Honeybee			5: Bathroom Rhineland			6: SCG Rhineland			7: Healthcare Rhineland			
	Least Evident	Moderately Evident	Most Evident	Least Evident	Moderately Evident	Most Evident	Least Evident	Moderately Evident	Most Evident	Least Evident	Moderately Evident	Most Evident	Least Evident	Moderately Evident	Most Evident	Least Evident	Moderately Evident	Most Evident	Least Evident	Moderately Evident	Most Evident	Least Evident	Moderately Evident	Most Evident	
Honeybee Elements on the Sustainable Leadership Grid																									
1 Developing people: grow their own																									
2 Labor relations: cooperation																									
3 Retaining staff: strong																									
4 Succession planning: strong																									
5 Valuing staff: strong																									
6 CEO and top team: top team speaker																									
7 Ethical behavior: an explicit value																									
8 Long- or short-term perspective: long term																									
9 Organizational change: considered process																									
10 Financial markets orientation: challenge																									
11 Responsibility for environment: strong																									
12 Social responsibility (CSR): strong																									
13 Stakeholders: broad focus																									
14 Vision's role in the business: shared future																									
15 Decision making: consensual																									
16 Self-management: strong																									
17 Team orientation: strong, self-governing																									
18 Culture: strong																									
19 Knowledge sharing and retention: strong																									
20 Trust: strong																									
21 Innovation: strong																									
22 Staff engagement: strong																									
23 Quality: high is a given																									
Total elements in conformity																									

Legend: / = conforms; - = does not conform; ? = not known

Note:

- Manager development/Rhineland → Developing people/Honeybee
- Organizational culture/Rhineland → Vision's role in the business & Culture/Honeybee
- People priority/Rhineland → Valuing staff/Honeybee
- Skilled workforce/Rhineland → Succession planning/Honeybee
- Team/Rhineland → Self-management & Trust/Honeybee

In overview for Ajinomoto sustainable leadership performance comparing to other companies from previous studies, it still falls behind in the part that related with people which Ajinomoto Co., (Thailand) Ltd. should consider and put their strategy on people asset more. On the other hand, those elements related to public, community and stakeholders for example strong ethical behavior, social and environment responsibility, and broad focus on stakeholders, are showing most evident conforming with Honeybee framework which enhance the sustainable enterprise. Moreover, the foundation and higher-level practices of Ajinomoto Co., (Thailand) Ltd. for those elements related to people are not performed the most conforming to Honeybee leadership framework, this results to the staff engagement which belongs to key performance drivers, is still not achieve the most conformity while the other enterprises such as Mahidol University, Asian Industrial Conglomerate and True Corp perform strongly evident to Honeybee framework criteria.



CHAPTER V

RECOMMENDATION

Besides the general training programs provided, Ajinomoto Co., (Thailand) Ltd. should invest more in continuous developing staffs in the firm-specific skills and knowledge. It can bring the know-how from overseas and affiliates to share to each other. This will make the employees become more specialized and can create the innovation to product or process which helps the company sustains the business and keep the market leader position on its relevant market.

Organization should be restructured from the high hierarchy to become flatter. This will generate a higher number of staffs who work in the same responsibility. This is helpful for succession planning because the firm has prepared and trained sufficient number of staffs who have potential for promotion. When the time has come, there will be the choices of staff to be promoted from within. Otherwise, people from outside will be recruited to sit in that available position. In another aspect, one manager with lots of subordinates will stimulate the independent working of employees because manager cannot take care in deep detail for one on one as the time reason. So, staffs will have to research and work more on their own. Some issues have to be decided based on their logical thinking which will enhance self-management element of Honeybee framework. If everyone can work independently, the trust will be created among colleagues and managers and thus, the management intervention can be reduced and eliminated. Without monitoring and controlling, the working atmosphere will become friendly, connect employees to each other and to the company, and finally the staff engagement can be built. Then the company can retain the employees continue working with the firm and become a source or representative of embedded company's culture to share and pass to the future generations.

Organizational culture should be clear. Vision and core values should be set together with employees to enhance the involvement and communicate to all employees about the shared goals. If all staffs realize about the core values,

organizational culture will be created. To strengthen the core values, they should be integrated into HR system since the beginning step for example, recruiting employees who have same attitude and direction as the company. Moreover, it could be included in training program and set the core values as one of evaluation criteria for promotion. All of these will induce for strong organizational culture.

Long-term profit should be emphasized whether how it can serve according to consumer and global trends. Product pipeline should be planned together with marketing plan. Once the long-term plan is visualized, it can give the foreseen picture for the company to prepare suitable and effective resources.

Company performance should be assessed from both financial and responsibility perspectives because at the end, company has to be a part of community. So the company should broadly focus on stakeholder and also the future generations.

From above recommendations, they will help Ajinomoto Co., (Thailand) Ltd. be able to endure with difficult economic and social crisis, maintains the leadership position in its relevant markets, performs strong financial status, and finally becomes the sustainable enterprise.

CHAPTER VI

CONCLUSION

Overall, Ajinomoto Co., (Thailand) Ltd.'s practices closely fit the 23 Honeybee criteria that Avery and Bergsteiner (2010) identified. The sustainable leadership grid in figure 3 shows agreement on 21 of the 23 elements, each of which conforms to a different extent. Seven practices were found to be strongly evident within the organization. The one notably deviant element namely that the CEO appears to be highly respected heroic leaders, may be cultural given the high power distance valued by Thai and also Japanese society. The strong heroic leader suppresses consensual decision making, self-management and self-governing team which they are not most evident at Ajinomoto Co., (Thailand) Ltd.

There are plans and strong intention to develop people, and the policy to maintain staff working with firm but there is not enough attractive compensation and welfare offering to employees. New generation is one third of employees and thus, those corporate cultures might be missing along the way which cannot hook the employees to engage with the company.

The close match between Honeybee elements and Ajinomoto Co., (Thailand) Ltd.'s practices endorse Honeybee leadership as relevant to an enterprise in a less developed economy such as Thailand. As Ajinomoto Co., (Thailand) Ltd.'s experience shows, Honeybee practices have helped the company enhance the integrity of its brand and reputation, as well as customer and stakeholder satisfaction, creating long-term value. They are now expanding into Asian countries for factory construction and product supply to satisfy wide range of stakeholders.

The results of this study suggest that enterprises seeking to sustain their organizational success can usefully adopt the 23 elements of Avery and Bergsteiner's sustainable leadership grid to evaluate their sustainability performance and guide their progress in that arena.

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