

How the Implementation of Multinational Strategies by Thailand's Domestic Firms Have and Will Improve Both Their Own Economies and the Thai Economy as a Whole

การดำเนินการตามกลยุทธ์ของบริษัทข้ามชาติอย่างไร ทำให้บริษัทภายในประเทศไทย มีการพัฒนาเศรษฐกิจของตนเอง และเศรษฐกิจไทยโดยรวม

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Abstract

The strategies employed by multinational companies in the Kingdom of Thailand have added immeasurably to the growth of the Kingdom's economy. The utilization of like and similar strategies by a minority of Thailand's domestic firms has yielded similar results. By offering effective financial incentives, the very real potential exists for the majority of Thai domestic firms to enjoy these same benefits thereby strengthening not only their own economies, but entire Thai economy as well.

Keywords: domestic firms, multinational firms, strategic attributes, economic benefits

บทคัดย่อ

กลยุทธ์การว่าจ้าง โดยบริษัทข้ามชาติในราชอาณาจักรไทย ได้เพิ่มการเจริญเติบโตของเศรษฐกิจของราชอาณาจักรอย่างสุดประมาณ การใช้กลยุทธ์ที่เหมือนและคล้ายกันโดยบริษัทส่วนน้อยในประเทศไทย ก็ได้ให้ผลที่คล้ายกัน โดยนำเสนอสิ่งจูงใจทางการเงินที่มีประสิทธิภาพ ซึ่งเป็นทางออกสำหรับบริษัทส่วนใหญ่ในประเทศไทย ที่ไม่เพียงแต่เสริมสร้างความเข้มแข็งของเศรษฐกิจของตนเอง แต่เศรษฐกิจไทยโดยรวมเช่นกัน

คำสำคัญ: บริษัทภายในประเทศ, บริษัทข้ามชาติ, คุณลักษณะเชิงกลยุทธ์, ประโยชน์ทางเศรษฐกิจ

Introduction

The author has been a senior corporate auditor for the Thai government for over a decade. During this duration, I have noticed innumerable times that the Kingdom of Thailand is losing literally billions of dollars in tax revenue simply due to the fact that domestic firms they are greatly underperforming. Conversely, multinational companies operating within the Kingdom are for the most part generally optimizing their net revenue potential. This disparity posed a very real problem. Upon examination, I discovered that multinational firms employ the use of well-defined strategic attributes which strictly conform to 21st century empirical business practices. Domestic firms, generally speaking, do not. In fact, my formal inevitably showed that 83% of surveyed entities believe that multinational firms outperform

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domestics. Over 70% believe that domestic firms can or could employ multinational strategies and that doing so would improve their economies of scale. Finally, over 70% of entities polled believe that such changes would benefit both the Thai and global economies. With these observations and facts in mind I decided to focus my doctoral dissertation of this very research question which forms the title of this research paper, which in fact, is a publishable summary of my full dissertation.

Objectives of this research

The research will seek to do the following:

1. Identify the strategic attributes of multinational companies in Thailand
2. Establish the business strategies of domestic companies in the Kingdom of Thailand.
3. Examine the applicability of multinational strategies to domestic companies in the Kingdom of Thailand.
4. Establish the impact of the above changes to the Thai and global economies-hence an objective comparative analysis

Conceptual Framework:

Null Hypothesis: Domestic Companies in the Kingdom of Thailand would improve their performance by utilizing the strategies of Multinational Companies

Alternative Hypothesis: Domestic Companies in the Kingdom of Thailand would not improve their performance by utilizing the strategies of Multinational Companies

Methodology

The methodology utilized for this research was two-fold using both qualitative and quantitative analysis. The first employed past research, both direct and indirect related to this topic. The second involved a survey of 20 domestic Thai firms and 10 multinational firms using a carefully prepared questionnaire. While some interviews were done on a personal basis, others were done via telephone to eliminate geographical barriers. From an empirical standpoint all measures were taken to scientifically ensure accuracy of the test results. These test results were ultimately utilized in a much large research endeavor.

Literature Review (Qualitative Analysis)

Implementation of research and development by domestic companies has been essential in increasing overall productivity and improving the quality of life. This has been a vital tool for driving the country's development. Moreover, information technology is and will be used for facilitating communication and developing database management. (Levy, 1998). This is essential as it will encourage public participation in the development process. Advanced technology is playing a fundamental part in economic and social development. Such technology includes information and communication technology (ICT), biotechnology, nanotechnology, as well as cognitive science. These opportunities can be regarded as opportunities in reducing inequality and enhancing Thailand's competitive edge. However, it is essential for the country to guard against these opportunities being threats to the country's development. Relying primarily on technology

imports, the country will be unable to compete in the world market and achieve sustainable development. Furthermore, there has to be equal access to in order to avoid economic disparities. Thailand as a net technology importer has to shift its position towards that of a technology creator.

Research and development has resulted to the utilization of science, technology, innovation and creativity as fundamental factors for economic restructuring. The success of this strategy is through an adjustment of trends in trade and investment to appropriately respond to emerging markets in Asia, Middle East and Africa. Research and development, as well as innovation are enabling the restructuring of the service sector to allow for higher value creation and to become more environmental friendly. Research and development is also resulting to a creative economy which has focus on creative business, creative cities, and creative industries. There has also been an improvement in the agricultural sector and enhancement of value creation through innovation and green production processes. Implementation of research and development is playing a significant role in promoting quality and sustainability in the industrial sector. (Bronwyn et al, 2009). This is and will continue to move Thailand's development towards becoming increasingly knowledge based and environmentally friendly.

Science and technology, research and development are driving forces for sustained and inclusive economic growth. Economic restructuring will emphasize research and development, technology transfer and applications. This will result to commercialization of innovation, and improvements in the quality of life. As a result of research and development, there is also a focus on the development of and application of creative thinking and local wisdom. The result of this will be cooperation of public and private sectors to create an improved enabling environment. This will facilitate value creation through the provision of appropriate infrastructure and facilities, thus encouraging technology development and innovation.

Thailand is now adopting new systems of quality management for both internal and external purposes. By using total quality management principles (TQM), domestic companies can and will produce a high standard of goods and services which will meet customer expectations and conversely improve the Thai economy.

The implementation of quality assurance and management systems by domestic companies will result to an increase in productivity. The quality and standards of products and services by domestic companies in line with production systems will be upgraded so as to meet international standards. As a result of quality assurance there is strengthening of existing and future markets for commodities that are produced in the economy. There is also participation of private sector, government agencies and the communities to encourage and participate in promotion of products from the economy. This is because the products and services are competitive and hence marketable in the global economy. As a result of quality assurance, the efficiency of logistic management will be improved for both private and public institutions. (Mouradian, 2009). As a result of quality assurance there is and will be a developed connectivity in logistic systems through the development of efficient transport and logistics services that meet international standards. In short, adoption of quality assurance systems by domestic companies improves all aspects of the economy.

By implementing corporate social responsibility, domestic companies are now shifting and will continue to shift the development paradigm. They are also directing the country to low carbon and environmentally friendly economy and society. This will also enable the restructuring of the country's production and consumption behavior to prepare for a transition towards a low carbon and environmentally friendly economy. To this end, there will be energy efficiency in transportation and

enhancement of the logistic sector so as to reduce greenhouse emissions. Corporate social responsibility will also enable development of eco-cities with emphasis on urban planning which integrates cultural, social and ecological aspects.

Corporate social responsibility by domestic companies would also result to tapping of talented and productive human resources. By sponsoring the less fortunate but talented individuals in the society, it would result in having a more skilled labor. It is these individuals who can participate in a crucial role in economic development. Economic development is also possible only if there is a healthy society. (Tomas, G, 2009) Corporate social responsibility by domestic companies involves establishing health centers and facilities in areas that have insufficient health provisions. It involves participating in formulating public policies for health care and improving health services for better quality and coverage. It also involves efficient and sustainable management of monetary and fiscal measures for health care. Corporate social responsibility activities by domestic Thailand companies will serve as an enticement for other businesses to set up in Thailand. As a result of corporate social responsibility Thailand's economy is becoming a more suitable destination for other foreign investors as well which will only serve to enhance the overall economy. (Tomas, 2009)

Implementation of appropriate management and leadership by domestic companies can enhance socio economic security for all citizens. Citizens will be able to manage risks and create opportunities in life. This is because the public domestic institutions would be under individuals who have appropriate management and leadership skills. Appropriate management and leadership would result in a more inclusive and sustainable development. Consequently, there is development of a more diversified and robust grass roots economy. Implementations of appropriate management and leadership practices by domestic companies have and will have an influence on public institutions. There will be more accountability and fair allocation of resources by restructuring the tax system to improve income distribution. This would serve as a tool for a fair allocation of resources and ownership of property. Information technology will be utilized in parallel with improving access to information for career development. This will play a greater role in enhancing socio economic security for all citizens and social protection will be upgraded and cover all people.

Appropriate management and leadership practices by both private and public domestic Thai companies will result in provision of services in accordance with basic rights. There is also emphasis on self-resilience of individuals, and encouragement of participatory decision making in the country's development process. As a result of appropriate management and leadership practices domestic public companies improve quality of public services. There will also be an increase in access of such services particularly to public utilities for low income groups. For the private companies such as financial institutions, they would be able to participate in economic development. Such would involve funding various projects in the country such as infrastructure projects. Infrastructure projects that financial institutions fund include projects in road transport, as well as energy projects. The effect of this is that there is development of an environment that is conducive for conducting business, consequently improving the status of the economy. Implementation management and leadership practices also ensure synergizing of roles of the private sector, civil society and local government in economic development. (Robbins 2008). Consequently, there is improved consumer protection to meet high standards, along with increasing access to information and knowledge about the protection of consumers' rights.

Implementation of appropriate corporate governance by domestic Thai companies can be of great significance to the economy. With appropriate corporate governance, domestic companies would be

sustainable for the long term. This is essential for the economy as the domestic companies engage in a critical role of running the economy through provision of goods and services. Corporate governance ensures that there is strengthening of stakeholders' capacity to efficiently contribute to the development agenda at every level. It also ensures that all stakeholders' potential is tapped and developed so as to take part effectively in the development process. In this connection, communities and local authority are empowered in order to strengthen their resilience towards any changes. Implementation of corporate governance by domestic companies results in a situation where domestic companies work with the provincial authority and the local government. By doing this, the role of the private sector is enhanced for economic and social development. This also ensures that other stakeholders such as government authorities adjust their mindset so as to play a meaningful role as change agents for the country's economic development.

Corporate governance also results in the development of efficient, transparent and participatory systems of monitoring and evaluation at all levels. This ensures that the domestic companies allow for the effective adjustment of the economic development process. Continuous monitoring and evaluation focuses on objectives and targets set in the overall national and company economic development strategies. Corporate governance by domestic companies in the country will create a culture where citizens are encouraged to play a part in the public national agenda of economic development. This is with emphasis on efficiency and transparency (William 2010). Corporate governance also involves constructively engaging in regional and international cooperation frameworks. This is with the aim of providing alternatives in foreign policies in the international arena. This is achieved through maintaining an active role of Thailand in developing strategies of relevant cooperation frameworks. By doing so domestic companies in Thailand seek a balance in relations with existing and emerging super powers.

Training and development by domestic companies will lead to the development of human resources aimed at increasing resilience for change. Through training and development by these companies, the quality of life for Thai people of all ages will be increased. The Thai population will, therefore, be able to develop skills for lifelong learning focusing on knowledge, innovation, and creativity. This is based on Thai's development of five minds- disciplined mind, synthesized mind, creative mind, respectful and ethical mind. This results to a situation where the Thai population will be further capable of working in various jobs over a lifetime, relevant to the changing labor market. Through training and development, citizens can be instilled with values of social responsibility, respect for the law and human rights. Training and development also results in citizens who have values of environmentally friendly production and consumption, and learn to cope appropriately with climate change and disasters.

Training and development by domestic Thai organizations is essential to having a skilled labor force in the country. For there to be economic development, there has to be a ready and able work force that engages in economic activities. By implementing training and development, domestic Thailand companies can create this required workforce. Training and development ensures that the existing workforce in the country is able to engage in creation of produce and services that are of high quality. These products and services, therefore, are able to compete favorably with other products from other economies (Tannenbaum, 2010). The outcome is that the Thai economy will become vibrant due to the diverse production of quality goods and services. Due to the quality of goods and services produced, domestic companies will be able to compete favorably with foreign companies. This will create a Thai economy attractive to other business ventures and as a consequence there will be an increase in foreign direct investment.

Quantitative Result

Again, it must be noted that this paper is in actuality a summary of my doctoral dissertation. Therefore publishing all results here is virtually impossible. Nevertheless, the following graphs will clearly support my hypothesis:

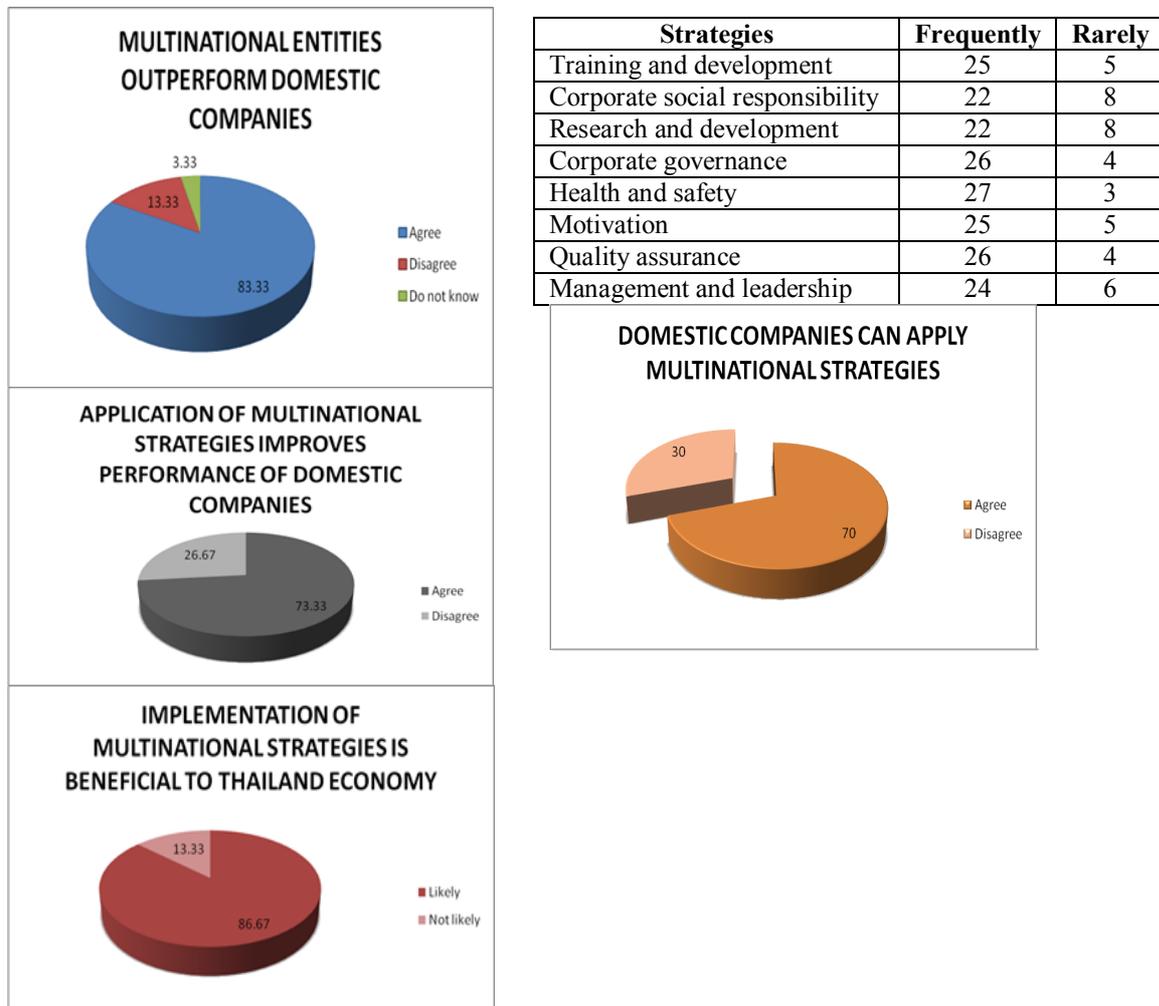


Figure 1 Quantitative Survey Analysis

Conclusion

My research has clearly demonstrated that Thailand’s domestic companies could benefit greatly from adopting the strategies of multinational corporations. In addition, such benefit would in all actuality create a positive domino effect as well since both the Thai economy as well as the global economy would reap the same rewards. Today we live in a global society where all business entities are closely related both as competitors and allies. This is the way of the future, so it is imperative that we prepare for it. If Thailand can adopt these principles, then in addition to other benefits, it can also serve as a leader for the rest of the world. While some would argue that the implementation of such strategies is not feasible due to cost effectiveness, I disagree. As a government officer in The Revenue Department,

I maintain that tax incentives are possible which could fund this endeavor creating a winning situation for all interested parties. Both creative thinking combined with creative implementation are the keys for future prosperity for the both the Kingdom of Thailand and the world.

With respect to further research and investigations, I would respectfully but strongly recommend that both the Revenue Department of the Kingdom of Thailand, as well as the applicable government agencies concentrate additional efforts toward further study on this topic. In order to achieve successful implementation, additional rules and legislation will need to be enacted. While these efforts will most certainly involve time and expense, such allocations will in fact be an investment for not only Thailand, but for the rest of the world as well economically, socially and politically.

Recommendations:

1. Since organizations do not conduct their actives and operations in a vacuum, it is essential for them to play a part in the development of the communities in which they operate. They also have to adhere to government regulations and ensure that their activities do not harm the natural environment. This is beneficial as it develops a conducive physical and economic environment for conducting business.

2. As the organizations strive to make profits, they also must ensure that they serve well the stakeholders' interests. This is vital for any organization that has the going concern principle.

3. Companies ought to ensure that they engage in development of high standard products and services. This is essential not only to the companies, but also to the consumers of the products and services.

4. Organizations must also ensure that they have the interests of their human resources. They ought to do this by training their workforce and providing a safe working environment. This is beneficial to both the employees and the company and leads to achievement of personal and organizational goals.

Acknowledgement

I would like to give a special thanks to my Academic Advisor, Professor Liao Cheng Lin of Chongqing University, Chongqing, PR China for his guidance and assistance in completing this paper. The completion of my doctorate would not be possible without his invaluable help.

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