



## **An Exploratory Study on Balancing Social and Economic Objectives of Export Oriented Organisations in Thailand**

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Since time immemorial every nation in the world has been in search of ways to develop. For a long time every nation has been reporting development in terms of indicators including Gross Domestic Product (GDP)/ Gross National Product (GNP), growth of GDP/GNP, per capita income. For example since the later part of 1980s media have been highlighting the fast growth rate of China. Also since the later part of 1990s the world started talking about China and India's economic growth rate. Way back in the 1960s Japan embarked on the path to great strides in economic development. In the 1970s and 1980s, the in the domain of economic performance, Japanese economy stood out. There have been several reports such as Japanese economy is export driven economy, Chinese economy is foreign direct investment driven economy and Indian economy is domestic consumption driven economy. In the beginning of the twenty first century the world saw the emergence of important associations including European Union (EU), Association of South East Asian Nations (ASEAN), North American Free Trade Area (NAFTA). There also has been lot of discussion and articles on Brazil, Russia, India and China which is also known as BRIC countries. A deeper analysis on the basis of formation of EU, ASEAN and NAFTA would reveal economic performance or potential economic performance of the countries. It will not be wrong to cite that nations have been in awe of economic development and performance. In one way it is right for countries to focus on economic performance as economic performance leads to job creation, which is so important for the nation's citizens. However, when it comes to performance of countries, the reports on performance are highly skewed towards what the economic indicators speak. Now the inevitable question arises if it is right to focus on economic development alone.

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No doubt economic development comes along with so many advantages for the country which has achieved high GDP and GNP. Countries that have achieved high GDP, GNP and per capita income are known by way of several terminologies including rich countries, developed country and even world's most powerful countries and so on. There are several advantages and one of the most significant advantages is job creation. Economic performance creates enviable means of livelihood for the citizens of the country. Indeed money can buy things. High per capita can also mean luxurious life leading to materialism. At the end of the day being rich is about resources. Thus high GDP or for that matter GNP could also mean utilization of resources. Earth is endowed with resources yet there is limitation to the resources. Thus it is important to relook at how the resources are utilized. Resources can be wasted and resources can also be miss-utilized. Interestingly the values of resources are practically set by currencies. Resources that cost more considered valuable, whereas resources that cost less are considered less valuable. Resources utilization can be considered based on several perspectives. Say for example and for the sake of simplicity, resources can be classified as renewable and non-renewable. Renewable resources are those which can be used several times whereas non-renewable ones are those which when used once lead to depletion of the resources. While utilizing and pricing the resources, the aspects of renewable and non-renewable context of resources are not considered by the sellers as well as buyers. Sadly the pricing are based predominantly on demand and supply. For example, the pricing of petroleum products are based on demand and supply, not on the characteristics of the resources as such resources when used would lead to forever depletion. Coal in India is cheap as coal is available in abundance and by the same token, petrol in the Middle East countries is cheap as petrol, which is also referred to at times as black gold, is available in abundance in the Middle East countries. These products once used will not come back, or is non-renewable, yet international pricing of petroleum products are based on how much such resources have been extracted from earth and how much is the prevailing demand of the products. Thus there could be flaws in the economic indicators and considering economic performance alone as one in one all could have a flip side.

As such economic progress and development based on economic performance when not balanced with other aspects can lead to adverse effects. Besides the issues of pricing raised in the



above section, there can be other issues arising out of how the resources are utilized. For example products including plastics, chemical products, petroleum products and even electronic products can lead to adverse impact on the environment, social wellbeing and future prospects of economy itself. It is well known fact that plastic is non-bio degradable yet there has been rampant sales and used of plastic products with no one owning the responsibility of what happen to such products after utilization. This aspect is not accounted at time of costing and pricing plastic products. When not sold and used in a responsible manner, the price of plastics products are costly to the society. Neither the seller nor the buyer is accountable to social well being and sustainable environment and. Petroleum and many other products lead to environmental pollution which again hurt the future prospects of social, environment and economy yet this aspect is not addressed while pricing the products and using the products.

There has been realisation that focusing only on the economic progress and development would not lead to sustainable development in the long run. Of late sustainable development as a concept become popular as it addresses the future prospects of development. United Nations General Assembly realized that there has been heavy deterioration of resources and environment which lead to the establishment of Brundland Commission. According to Encyclopaedia Britannica (2019) **Brundtland Report**, is also called *Our Common Future*, a publication which was released in 1987 by the World Commission on Environment and Development (WCED) that introduced the concept of sustainable development and described how it could be achieved. The Encyclopaedia highlights that Brundland Report was Sponsored by the United Nations (UN) and chaired by Norwegian Prime Minister Gro Harlem Brundtland. The WCED explored the causes of environmental degradation, attempted to understand the interconnections between social equity, economic growth, and environmental problems, and developed policy solutions that integrated all three areas. There has been several definitions and concepts of sustainable development, yet the most popular and apt definition is of Brundtland Report which states that “sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”(Brundtland, 1987).



## **Entrepreneurial Orientation and Strategic Balancing of Economic and Social Objectives**

According to Brundtland (1987) as depicted in the Brundtland Report, there are three fundamental components of sustainable development that are environmental protection, economic growth and social equity. The Brundtland Report stressed on sustainable development to focus attention on employing strategies to promote economy and social advancement in ways that avoid environmental degradation, over exploitation or pollution. In order to sustain development, developmental strategies need to address economic, social and environmental dimensions. Thus, the context of balancing economic, social and environmental objectives becomes significant both for researcher and practitioners. This study addresses the two of three aspects including economic and social and focuses on how organisations balances economic and social objectives. As the study addresses balancing economic and social objectives which is at the strategic level, the study focuses on the strategic level perspective which is strategic orientation. However different terminologies are used for strategic orientation including entrepreneurial orientation (EO). For example several scholars have used different terminologies such as strategic orientation and strategic posture (Covin & Slevin 1991; Morgan & Strong 2003), corporate entrepreneurship (Zahra & Covin 1995; Zahra, Nielsen & Bogner 1999; Kuratko 2007) and entrepreneurial orientation (Lumpkin & Dees 1996; Becherer & Maurer 1997; Lyon, Lumpkin & Dess 2000; Moreno & Casillas 2008). For the current study the term EO as suggested by Lumpkin & Dees (1996); Becherer & Maurer (1997); Lyon, Lumpkin & Dess (2000); and Moreno & Casillas (2008) is used. In fact Miller (1983) was the first who introduced the concept of EO but the author did not use the term EO. EO is used for the study to explore how firms balance social and economic objective as EO is a dimension that is linked with strategy making which is much explored and found to have significant implications for firm performance (Miller 2011; Covin & Wales 2012). The study is based on EO dimensions of Export oriented organisations in Thailand to understand how the organisation addresses economic and social performance.

### **Definition of EO**

Miller (1983) argues that entire organisation can perform entrepreneurial role. The author stressed that possibly there could be several critical actors playing entrepreneurial roles in



several organisations, yet it is not important who the critical actor is; what is important according to Miller is the process of entrepreneurship itself and the organisational factors that foster and impede it. Miller (1983) examined the chief determinants of entrepreneurship linked with the process by which organisations renew themselves and their market by pioneering innovation and risk taking. Miller found out diverse approaches to understand entrepreneurship. Previous researches touched upon product-market and technological innovation (Schumpeter, 1976; Cole, 1946); Cooper, 1973) risk-taking (Collins, and Moore, 1970; Miller and Friesen, 1984; Kets de Vries, 1977) and proactiveness (Miller and Friesen, 1978; Mintzberg 1973).

Miller adopted a different approach by looking at the entrepreneurial activity of the firm, synthesised the approaches and brought out the original concept of EO, “an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures and is first to come up with ‘proactive’ innovations, beating competitors to the punch” and non-entrepreneurial firm as “firm is one that innovates very little, is highly risk averse, and imitates the moves of competitors instead of leading the way (1983, p. 771). Accordingly, he used the dimensions of "innovativeness," "risk taking," and "proactiveness" to characterize EO (Lumpkin and Dess, 1996). The approach of EO is in line with Miller’s assertion that entrepreneurship can be conceptualised and looked upon in a broader perspective than the earlier researches seemed to prescribe. Several studies have linked EO to performance such as achieving business growth (Reijonen et al., 2015), increasing market growth rate (Ireland, Hitt, & Sirmon, 2003), outperforming and being ahead of competitors (Lumpkin & Dess, 2001).

## **Research Methods**

The paper is exploratory in nature. It attempts to understand the social and economic dimensions of export oriented organisations in Thailand. The study will help better understand the issues regarding balancing of economic and social objectives which would lead to better understanding the economic and social issues and provide direction for future research. For conducting the research a questionnaire was developed and served to export oriented organisations in Thailand. For each organisation one respondent who has knowledge and understanding of the strategic dimensions of the organisations were chosen. The questionnaire were served to entrepreneurs, top executives of export oriented organisations, or senior level managers. The survey could



gather response from 400 export oriented organisations, out of which 304 organisations were chosen. Analysis is done using descriptive statistics.

### **A Brief Result**

For the research 304 samples were collected. The samples were drawn from export oriented organisations in Thailand. The study focuses on the objectives of balancing economic and social objectives of such firms, which are at the strategic and entrepreneurial level. To accomplish the study a large sample of more than 400 export oriented firms participated, out of which 304 samples were considered. The survey questionnaires were responded by entrepreneurs, top executives or senior level managers who are involved in entrepreneurial and strategic decision for the respective export oriented organisations.

The gender composition of the sample throws some interesting light. Out of the sample size of 304 about 50.7 % happen to be female whereas 49.3 are male. The figure shows a glimpse of the participation of women folk in Thailand in the decision making of the organisation. Regarding the type of organisation most of the organisation in the sample was constitute by company limited type of organisation. There are also wholly owned and partnership form of organisation. The exploratory study throw some light on the importance of company limited form of organisation in the export sector of Thailand.

It is reported that the performance of all the organisations are commendable since the last three years. All the organisations agree towards having outstanding performance in terms of economic performance such as financial performance and the originations also reported that they exceeded the performance of the competitions. Majority of the organisations have reported good sales growth and profitability. The finical health of the organisations is reported as strong. Their revenue growth had been good for the last three years and last year also majority of the organisations showed good performance in revenue. The organisations reported that they could generate benefit for the community. Majority of the organisations adopted social balance by adopting more of services to the community. Most of the organisations reported that their



contribution to the community has been outstanding. The study highlights that one of the ways to balance economic and social objectives is whenever the organisations achieve good economic performance they engage in activities related to community benefits and contribute to community development directly or indirectly.

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