Many people acknowledge that business-as-usual, which promotes a dehumanizing, short-term shareholder-value approach, has failed. Following the global financial crisis, which started in the USA and reverberated around the world, many managers and scholars are searching for an alternative. Business leaders are facing a new world in many ways, with problems ahead that affect the very viability of the planet – food and water shortages and scarcity of vital energy and resources needed in production and distribution. Other challenges affect the viability of organizations: a global talent shortage, customers and communities expecting more ethical behavior and care from business, and increasingly risk-averse lenders and investors. What is a more sustainable approach that enables leaders to address these concerns?

In Europe, Rhineland capitalism, an approach that promotes corporate sustainability (Albert, 1993), focuses on the long-term sustainability of an enterprise and its relationships with many interest groups, not just with shareholders. It demands environmental, ethical and social responsibility from business enterprises. Considerable research evidence shows that the Rhineland model is associated with better long-term performance than business-as-usual, at least in the developed world (Avery and Bergsteiner, 2010). Following Rhineland principles supports a firm’s brand and reputation, enhances financial performance and long-term investor returns, and addresses a wide range of stakeholder interests.

But can this model apply outside the developed world, in a less developed economy such as Thailand? To answer this question, the business practices of Thailand’s Siam Cement Group (SCG), one of ASEAN’s largest industrial conglomerates, were examined in terms of the extent to which it is managed along Rhineland principles. The Rhineland approach, the conglomerate, research methodology and findings are discussed below.

It is not surprising that different leadership philosophies exist in different regions, sometimes competing, sometimes co-existing, given the enormous cultural, political, economic, social, religious and environmental diversity of the world. Avery (2005) used 28 case studies from countries as diverse as Australia, Germany, Hong Kong, Japan, South Africa, Sweden, Switzerland, and the USA to analyze and contrast two fundamentally different ways of leading organizations in the capitalist world. In line with Albert (1993), who examined Rhineland principles primarily in the European context, the terms Anglo/US and Rhineland leadership principles are retained for our study. However, these terms are not to be understood in a geographic sense because firms operating on both models are found all over the developed world. The labels simply refer to different capitalist approaches to creating value. The question is, are these leadership principles also found in Thai enterprises?

The supporting evidence for the greater sustainability of Rhineland-led enterprises on financial, social and environmental dimensions is substantial (Avery and Bergsteiner, 2010).
Not only are firms led on Anglo/US principles less sustainable than Rhineland-led enterprises, but Rhineland leadership tends to outperform its Anglo/US counterpart even on that aspect of the Anglo/US model that its proponents hold sacred above all others – promoting shareholder value. Rhineland-led companies focus on a range of other criteria, including environmental and social measures, brand and reputation, and customer satisfaction.

Avery (2005) identified 19 practices that differentiate the two capitalism approaches and form two opposing self-reinforcing leadership systems. In sharp contrast to the Anglo/US model, Rhineland leadership views itself as part of society rather than simply being there to make profits for its shareholders at any cost to others. Although Avery (2005) derived the 19 criteria from a base study of 13 European firms, she tested the model in 15 enterprises to create a sustainable leadership grid. Using this grid as a framework, leadership practices in the Siam Cement Group were examined, grouping Avery’s 19 elements into six core themes: adopting a long-term perspective, investing in people, creating a strong organizational culture, supporting incremental and radical innovation, shouldering social and environmental responsibility, and exhibiting ethical behavior. Each theme is discussed below.

**Long-term perspective**

One of the key practices in sustainable enterprises is the time perspective, and Rhineland enterprises emphasize the long term in everything they do – in their strategy, plans, investments, and in staff appointments and retention. Rhineland leadership regards itself as being entrusted with the well-being of the organization for future generations. Clearly all firms need to survive in the short term, but an emphasis solely on short-term financial results is reckless and leads to short-term-ism, lying and scandals (Bennis, 2003), and mortgages the firm’s long-term future in favor of higher profits now (Kennedy, 2000).

**Investing in staff**

This category covers criteria related to employees: retaining people, training and developing them, succession planning, maintaining amicable relations with unions and other employee representatives, and valuing workers. Training and development programs for everyone are central to Rhineland-led businesses; they prefer to grow their own managers and develop their own staff rather than bring in outsiders (except when special skills are needed or internal candidates unavailable). These organizations retain their staff. Doing so requires development plans and ways of showing employees that the company values them beyond mere financial compensation. Training and development pay off for shareholders in cost savings, share price increases, and enhanced productivity (Avery and Bergsteiner, 2010). Senior executives are also developed from within the firm, and this pays off for the business. For example, a global study of CEOs leaving office concluded that appointing CEOs from outside the company is risky (Booz Allen Hamilton, 2003). The initially high performance of external CEOs slumps during the second half of their tenure, and their organizations under-perform those led by insiders by 5.5 percent. Insiders value and continue the culture; outsiders can come close to destroying it.
Organizational culture

Rhineland enterprises foster a strong organizational culture embodying a shared vision about the purpose of the enterprise. The underlying values and beliefs in the culture provide the justification for how people behave and help employees identify desirable behaviors. The strong cultures in Rhineland organizations make them a “special place to work”, as Collins and Porras (1994) identified in the “built-to-last” companies they studied. Taking a long-term perspective provides Rhineland organizations with time for a vision and values to be communicated, take effect, and be transmitted from one generation of employees to the next. The nature of this “specialness” varies considerably in the details of a specific organization’s culture, values and philosophy. To develop a strong culture, organizations need to build connection and commitment based on free choice, rather than coercing people (Collins, 1997), which can be difficult where staff turnover is high, and individual and organizational values are not aligned.

Innovation

Innovation is one of the main sources of technological progress and economic growth. Radical innovation refers to major shifts in product lines and processes or developing entirely new goods (Hall and Soskice, 2001). Incremental innovation entails continuous, small-scale improvements to processes and products to enhance quality. Rhineland enterprises are champions of both radical and incremental innovations (Avery, 2005), and both forms of innovation help them maintain leadership positions in their niches. Innovation is approached in a systematic way, gathering ideas from the entire organization as well as from suppliers, customers and other partners. In general the Anglo/US short-term approach to cutting R&D, staff numbers and change budgets to meet quarterly growth targets makes long-term innovation particularly difficult. Yet innovation is essential to business success. For example, in IBM’s 2006 CEO study, innovation in flexible business processes and collaboration clearly related to enhanced financial performance. Innovation also pays off in terms of reputation and brand, staff engagement and customer satisfaction.

Social and environmental responsibility

Traditional Anglo/US leadership philosophy focuses on maximizing short-term shareholder returns, even at the cost of society and the environment. In a sense, this is “cheating”. Sacked employees fall onto social welfare in many countries. The community has to clean up pollution, not the polluter. Not training young people and not employing older people create social crises for groups in the community. Rhineland enterprises are concerned about carrying out their social and environmental responsibilities, seeing themselves as part of the wider community. Considerable evidence suggests that being socially and environmentally responsible pays off by enhancing financial performance, brand and reputation, and employee satisfaction; and managing risks such as those posed by potential accidents or damage to the environment (Avery and Bergsteiner, 2010). Although some Anglo/US organizations focus on corporate social responsibility and protecting the environment, these considerations become easy targets when cost cutting is required. By contrast, Rhineland enterprises often go beyond what the law and society require in their social and environmental responsibilities because it is the “right thing to do”, a form of ethical behavior.

Ethical behavior

Ethical behavior, which basically involves doing the “right thing”, is strongly evident in Rhineland enterprises. Given the recent exposure of unethical accounting and other practices in failed public corporations, such as Enron and many others, ethical and transparent behavior and governance are essential for organizational sustainability. Ethics are also a form of risk management and a way of protecting a firm’s reputation and retaining investor confidence. At the enterprise level, ethics start by distilling the business strategy into a number of desired values and behaviors that can be readily translated into acceptable and unacceptable actions. Codes of conduct, training and many other mechanisms
reinforce the firm’s ethical principles. However, it can be very difficult for managers operating on Anglo/US principles to act ethically because of their short-term performance focus. Ethical behaviors are associated not only with enhanced organizational sustainability but also with consistent, substantially higher financial outcomes even among listed companies (Verschoor, 2004).

The practices interact

How do the sustainable leadership practices in the above six categories lead to an enterprise’s long-term prosperity? Sustainable leadership practices reflect good management, often lower costs, and enhance customer satisfaction, financial returns and reputation and brand. Rhineland principles also lead to better management of business risks and opportunities that in turn benefit investors and may make the enterprise less vulnerable to the effects of adverse events. Designing products and operations to be more sustainable often increases profits and can generate savings through improved processes. Retaining staff minimizes the considerable hidden costs of recruiting new people that many managers adopting an Anglo/US philosophy overlook. These effects also create a virtuous cycle in that better performing companies have more resources to invest in sustainable practices, which in turn should make them more robust to external events and more attractive to long-term investors and customers, and hence their market value rises. Furthermore, long-term employees and their unions are likely to stand by Rhineland employers when times are tough, accepting pay cuts during a crisis, for example.

The question for many corporate leaders and scholars, particularly those in less developed countries, is whether Rhineland principles can usefully apply outside developed economies.

Siam Cement Group: an Asian model for sustainable leadership

Founded in 1913 by King Rama VI as Thailand’s first cement producer, SCG has diversified to become one of the largest and most advanced industrial conglomerates in Asia. Revenue of US$7,486.32 million in 2009 came from five strategic business units: cement, building products, distribution, paper, and petrochemicals. The group comprises over 100 companies under the five business units, employing approximately 27,000 people and handling over 64,000 products. The Thai Crown Property Bureau owns about 33 percent of this publicly listed company. Listed in the Dow Jones Sustainability Index, SCG meets three criteria for sustainable enterprises aside from staying in business for a long time (Avery, 2005): the capacity to deliver strong financial performance, endure difficult economic and social situations, and maintain a leadership position in its markets.

Methodology

A multi-data collection approach was adopted to explore whether SCG business practices are consistent with the Rhineland approach. Teams of researchers interviewed people at different levels in the firm, supplementing this with observations made during visits and training sessions and reference to documentation and information supplied by, or published about, the conglomerate (e.g. ten-year annual reports, news reports, magazine articles). Semi-structured interviews were held with members of the board and top management, and a number of stakeholders including major and minor shareholders, staff and customers. Observed data were also collected from 100 SCG mid-level and lower-level managers who

“Rhineland enterprises foster a strong organizational culture embodying a shared vision about the purpose of the enterprise.”
were selected by SCG to attend leadership development sessions run by management researchers at Mahidol University.

**Findings**

The results show that SCG’s leadership philosophy is largely consistent with the Rhineland approach and uses the six core categories introduced above. Figure 1 summarizes the fit between the data and each practice in the sustainable leadership grid using three categories to represent the degree of conformity: least evident, moderately evident and most evident in the data. The relevant categories from the six presented above are also shown on the right of the figure.

Figure 1 reveals a moderate or strong fit on 18 of Avery’s 19 elements. On all criteria except for the CEO as speaker of the top team rather than heroic leader, strong or moderate evidence for Rhineland leadership at SCG was found. This figure represents the researchers’ summary, however the qualitative data provide much richer and more insightful information about the nature of SCG’s practices, as discussed next using the six broad categories of criteria.

**Long-term perspective**

SCG does not maximize short-term shareholder value alone, but challenges its investors to take a long-term perspective. A practical example of this was issuing the same dividend level of 15 baht per share or 60 percent of net profit/share from 2005-2007, during which time SCG’s share price remained stable. During the global financial crisis in 2008 and 2009, dividends fell to 7.5 and 8.5 baht per share respectively. In the words of two participants:

The only way we can sustain return is to increase long-term return. It has become clear that if we don’t develop a medium-term plan and are not well-rounded, careful and knowledgeable and find

![Figure 1 Sustainable leadership grid comparing Rhineland criteria and SCG](image-url)

<table>
<thead>
<tr>
<th>Rhineland Elements on the Sustainable Leadership Grid</th>
<th>Extent to Conform</th>
<th>Relevant Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCG</td>
<td>Least Evident</td>
<td>Most Evident</td>
</tr>
<tr>
<td>1 CEO concept: top team speaker</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>2 Decision making: consensual</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3 Ethical behavior: an explicit value</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4 Financial markets: challenge them</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>5 Innovation: strong</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>6 Knowledge management: shared</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>7 Long-term perspective: yes</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>8 Management development: grow their own</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>9 Organizational culture: strong</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>10 People priority: strong</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>11 Quality: high is a given</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>12 Retaining staff: strong</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>13 Skilled workforce: strong</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>14 Social responsibility: strong</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>15 Environmental responsibility: strong</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>16 Stakeholders: broad focus</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>17 Teams: self-governing</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>18 Uncertainty and change: considered process</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>19 Union-management relations: cooperation</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>

Total elements in conformity **19**

Key: √ = conforms; — = does not conform; ? = not known

Category no: 1 = long-term perspective; 2 = staff development; 3 = organizational culture; 4 = innovation; 5 = social and environmental responsibility; 6 = ethical behavior

**Source:** Based on Avery (2005)
a not too risky approach, we cannot maintain this process. We must pay attention to this. It is not that we can make a lot of profits this year and don’t care about the next year. Both medium- and long-term plans are required (Dr. Chirayu Isarangkun Na Ayuthaya, Chairman of the Board).

SCG is an effective company with ethics as a core. It is accountable to all stakeholders. In particular, shareholders are continuously paid dividends each year at a stable rate. For shareholders, it is an investment with a long-term return (A shareholder).

Given its ability to attract investors who take a long-term view, SCG can formulate long-term strategies and plans that are not greatly affected by short-term decisions and events or by just maximizing short-term profits. 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. Clearly, uncertainty and change are also considered and managed at SCG, as the CEO noted:

As a result of the (1997 Asian) crisis, everyone must now be flexible to operate in this fast-changing world. Our rivals are changing as well. IRPC Plc (formerly known as TPI) and ourselves are the only local industrialists left, as the rest are all global players. If we stay still, we cannot survive. The financial crisis also taught us that the “next best thing” may not be so good without solid preparation. When contemplating overseas investments, we no longer send only one executive to join the board, but send the whole team. We look over the whole operation and study everything in depth (Mr. Kan Trakulhoon, CEO, quoted in Bangkok Post, 2007).

In 2007, SCG adopted a ten-year plan to become the ASEAN leader in sustainable business. The Group also plans to increase its R&D budget from a few hundred million baht to 1,000 million baht in five years. Business units were regrouped after the 1997 Asian crisis into core businesses. Those that did not generate revenue of at least 20,000 million baht were not considered as core, and many were sold. SCG is also the first industrial conglomerate in Thailand that specifically invests in sustainable development, including producing a sustainability report for shareholders.

**Investing in staff**

As Roongrote Rangsiyopash, Vice President and CFO, stated, SCG considers employees its most important asset. It heavily invests in its people and pays employees at the 75th percentile of leading companies in Thailand. Unlike other companies in Thailand, the relationship between SCG’s quasi-union and top management has been amicable. SCG used to have poor relations with the union, but has now learned from that mistake.

SCG firmly recognizes the value and potential of all its employees in every country where it operates. The Group develops employees through training and by providing scholarships for further studies at leading national and international universities, so that trainees can become the Group’s future driving force. SCG’s employee development efforts also include offering graduate study scholarships to employees for technical and MBA degrees. Since 1973, approximately 340 employees have received scholarship offers.

Training at SCG is available to all employees, not just elites or managers, with a budget of approximately 500 million baht for its lower-level staff alone. Training programs are organized into three broad categories: functional training for job-related skills, business management and leadership development, and overseas expansion to prepare selected employees to work abroad.

Self-governing teams and consensual decision making can also be observed at SCG. In the last promotion to the top management level, all previous top managers, including the CEO, volunteered to resign to allow a new group of top managers to take over. The previous top management team then became an advisory team to the new team. After the top management team resigned, the next levels of managers all moved up to a higher level, creating a spiral effect throughout SCG. Clearly, SCG has been running as a team-based system with internal succession planning, as opposed to relying on a few heroic leaders. A long-serving independent director noted this when asked how different it was to be a SCG board member:
Unlike other places, it’s very easy for me here. Everything here is systematic. I don’t have to do much. We must realize that SCG has a firm foundation and good governance […] a model for a “good” business. Have a capable top management team. Business can continue to run (on its own) […] (Dr. Sunet Tantivejkul, Independent Board Member).

Finally, SCG has never appointed outsiders as CEO or to the top management team, preferring insiders instead. Succession plans are also in place for top management, including for the CEO. This practice is unusual among Thai organizations, where promoting an outsider to the top management team is prevalent.

**Organizational culture**

The organizational culture at SCG is deeply rooted in shared values and vision. Although SCG has confronted many crises throughout its existence, a strong bond of loyalty that harnesses the full cooperation of its employees has helped it survive. To firmly and steadily grow the business in the direction defined in the vision in the midst of tremendous challenges, keen competition and rapid change, the extra effort and greater support coming from employees, who share the values and vision, are crucially important to SCG. The company’s current vision effectively places it in 2015 as well recognized as an innovative workplace of choice, a role model in corporate governance and sustainable development, a regional market leader, having world-class business practices, contributing to its communities, and creating value for its stakeholders.

SCG has promoted its corporate values and strategy to unify its diverse workforce in working towards this common goal. This requires developing employee capabilities and potential in line with the business direction. SCG’s innovative culture encourages employees to be open-minded, think outside the box, be assertive, take risks, and learn. Everywhere the company operates, employees are respected and considered an integral part of the business. They are treated with proper care, development, equal job opportunities, as well as offered a chance to work in different countries. SCG also boosts exchanging and sharing knowledge among employees to create mutual relationships, and to enable networking of knowledge and professionalism for the benefit of the business.

The strong organizational culture – characterized by ethics, diligence, perseverance, and innovation – is supported by a no-layoff policy, strict employment entry practices, low turnover rates, and promotion from within. SCG has never laid off employees in its long history, even in times of economic difficulty. With a low staff turnover rate, shared vision and values are preserved and passed on to the next generation of employees. Moreover, top managers are promoted from within the company, thereby nurturing the strong organizational culture. This culture underpins the self-reinforcing system within SCG.

**Innovation**

Like other Rhineland-led enterprises, SCG is committed to research and development in order to create more value for products, services, processes, and new business models. This is evidenced by the company’s investment and staffing in this area. Innovation at SCG has helped to maintain its leader status in its markets. Innovative products include Fiorina, the world’s first ceramic tile to mix natural materials that infuse aroma in the tile body; and Rustique, the world’s first concrete roof tile product using an applied aerodynamic concept to prevent leakage:

SCG aims at developing high-value products in-house. During the past 20 years, gains from the incremental process improvements have come largely from our employees (Mr. Nithi Patarachock, Director of Corporate Planning Division).
As well as product innovation, SCG has actively promoted incremental process innovation throughout the entire organization, including soliciting ideas from individual employees. For example, the Valued Innovation Program is designed to promote employees’ creativity, helping them to develop new approaches and processes to enhance efficiency. Training programs on such topics as thunderbolt thinking, generating ideas with mind mapping, analytical skills for problem solving, and decision making are provided for employees. In addition to ongoing improvements, SCG has made many radical and incremental innovations within its field, simultaneously enhancing service and product quality, managing knowledge, and uncertainty and change associated with possibly obsolete products and services. The innovation culture at SCG helps to maintain its leadership position in its sector.

**Social and environmental responsibility**

SCG conducts business believing that the company must demonstrate a keen sense of responsibility towards the interests of its stakeholders. Simultaneously, a cement company must be acutely aware of environmental considerations and the wellbeing of society and the nation as a whole. Although this particular philosophy was only incorporated into SCG’s code of ethics and published about 20 years ago, it has in fact been the very heart of the firm’s operations since its establishment. The group has sponsored numerous environmentally and socially beneficial projects that its employees initiated. Even more, it is determined to set an example for others to follow, and has resolved to encourage other corporations to adopt similar practices.

The positive effects of SCG’s social and environmental responsibility are evident from its own 2006 corporate image survey that indicated that 85 percent of the 2,200 Thai respondents perceived SCG’s activities as beneficial to customers, the environment and society. In addition, 75 percent cited beneficial effects on the local community and 70 percent perceived benefits to trading partners and shareholders.

Social responsibility is clearly evident in the company’s actions. SCG demonstrated a genuine concern for Thai society when the baht was devalued during the 1997 Asian economic crisis. Instead of selling baht to buy US dollars, which would have been in the company’s interests, SCG refrained. The Board considered that buying US dollars would have devalued the baht further given SCG’s huge baht holdings, adversely affecting the already vulnerable Thai economy. Instead, SCG people decided to work harder to expand regional markets and attract foreign currency into the Thai economy:

Before the crisis, SCG never hedged because no one is likely to undertake the deal, given SCG’s large size (of money). After the crisis, many of our customers stopped paying. We couldn’t collect the bills. So we ended up with cash sales. This caused our domestic sales to decrease. At the same time, our foreign sales also became much worse. After devaluation, costs of raw materials also increased. The CEO therefore decided to expand our foreign market because our products appeared cheaper to them. However, it took time before foreign customers recognized our products. But after the concerted efforts, our exports increased from 5 percent to 35 percent. This produced a natural hedge for us during that time of great volatility (Dr Chirayu Isaranikun Na Ayuthaya, Chairman of the Board).

SCG’s strong commitment to social and environmental responsibility is evidenced by its membership in the building materials and fixtures sector in the Dow Jones Sustainability Index, ranking as one of three Gold Class companies along with Panasonic and Holcim. It has been a member of the World Business Council for Sustainable Development (WBCSD) since 2000.

**Ethical behavior**

Ethics is an integral part of SCG culture. The Group views competence and moral integrity as contributing heavily to sustainable growth and prosperity for an organization and society. As a result, moral integrity is considered a basic quality in every SCG employee. The firm strictly adheres to its Corporate Governance and Code of Ethics at all times. Employees are encouraged to be good citizens for the benefit of the community.
Ethical behavior, as part of a strong organizational culture at SCG, was observed during the Asian crisis. Unlike other companies, SCG did not seek debt reduction or restructuring, or even propose a lay-off program. Its board of directors had set a clear policy to uphold SCG’s esteemed reputation and integrity. The only step it took was to introduce an early-retirement program. Its executives during that period had shown a great spirit, even foregoing their salaries:

   Even if we had nothing else, we had the best encouragement. More than anything, we thought of the company’s 90-year history. No one wanted to see Siam Cement, which is 30 percent-owned by the Crown Property Bureau, fail under our watch (Mr Kan Trakulhoon, CEO, Bangkok Post, 2007).

Contributing to SCG’s recovery from the Asian crisis were its long-term, ethical relationships with a wide range of stakeholders. According to CEO Kan Trakulhoon:

   We were lucky that nobody took advantage of us during those hard times. This was probably due in part to our principles of doing good business, and our joint-venture partners are all still our good friends (Bangkok Post, 2007).

With ethics and social responsibility as the company’s core values, SCG’s employees have always been a key factor in the rising prosperity of the group, during which SCG earned the trust and confidence of various sectors, both domestically and internationally. SCG’s ethical principles and focus on social responsibility are strongly evident in many aspects of the business, as is a concern for other stakeholders beyond just shareholders.

Conclusion
Overall, SCG’s management practices mirror 18 of the 19 Rhineland criteria that Avery (2005) identified, 16 of them being strongly evident from the data. The deviant element is that both current and past CEOs appear to be heroic leaders, despite a considerable amount of team-based leadership at the top. It is possible that SCG is moving toward the CEO becoming more of the Rhineland ‘‘top team speaker’’ and less of the heroic leader. However, it is conceivable that the Thai culture so respects senior people that it would be difficult for the firm to run on a democratic top team basis and this element in the Rhineland model may be an exception for Thailand. Evidence for two variables, consensual decision making and self-governing teams, was only moderately evident. Again, this may reflect a Thai expectation that senior people make decisions.

The close fit between the 16 other Rhineland elements and SCG’s practices shows that sustainable leadership principles are relevant to at least one large, listed corporation in Thailand. Publicly listed enterprises worldwide tend to come under pressures to conform to business-as-usual practices from analysts and others associated with the capital markets (Avery and Bergsteiner, 2010), compared with family businesses that try to remain independent from outside investors. However, senior management at SCG has resisted any pressure to follow Anglo/US principles choosing Rhineland practices instead, albeit it to varying extents on each criterion. The extent to which this can be done in other Thai enterprises and in other developing economies needs further research.

However, it appears from this study that enterprises in Thailand seeking to sustain their organizational success could usefully adopt the practices included in the sustainable leadership grid elements to guide their practices. This grid provides a framework for managers to examine the leadership practices in their department or firm, and, where...
indicated, adjust existing behaviors to become more sustainable. This is not a one-size-fits-all proposal; how the various elements are implemented can take a wide range of forms, and some practices may be more or less relevant in a given context. However, the elements in the grid are supported by considerable research showing that following Rhineland practices is likely to enhance many aspects of organizational performance, making sustainable leadership very much central to the interests of every manager.

References


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