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## **The Development of Causal Relationship Model of Shared Value Creation Strategies between Business and Society of Industrial Entrepreneurs in Eastern Region of Thailand**

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### **Abstract:**

*The purposes of this research were (1) to study the shared value creation strategies between business and society of industrial entrepreneurs in the Eastern region of Thailand, (2) to study the components of shared value creation between business and society of industrial entrepreneurs in the Eastern region of Thailand, and (3) to develop the causal relationship of shared value creation strategies between business and society of industrial entrepreneurs in the Eastern region of Thailand. Quantitative method is used in this study. The research results showed that respondents' attitudes towards the components of shared value creation strategies between business and society in terms of strategic planning, social accountability, business ethics, and corporate sustainability, and shared value creation can be interpreted as very strongly agreed; whereas corporate governance can be interpreted as agreed. The results of Pearson Correlation analysis on the shared value creation strategies between business and society showed that the strategies which had highest correlation were that of between corporate sustainability and shared value creation strategy. The results of analysis on the causal relationship of shared value creation strategies between business and society, adjusted by the researcher is relevant to the empirical data by  $F / df$  is not exceeded 2 ( $F / df = 1.97$ ), and RMSEA is less than .05 (RMSEA= 0.045). Therefore, it can be presented that the causal relationship of shared value creation strategies between business and society is relevant to the empirical data.*

**Keywords:** Shared value creation strategies, business, society, industrial entrepreneurs, eastern region of Thailand

### **1. Introduction**

The business world has sequentially developed. In the midst of the competition in business, some businessmen are concerned about the society and sustainable growth of the business. The profit is an essential condition for surviving and it becomes the way to reach an important destination, but it is not the most important thing. Nowadays, many companies reach the excellent turnover, but when they encounter the problems, they cannot manage to survive but collapse overnight. Moreover, the consumers are worried about their safety, the environmental friendliness, and the corporate social responsibility, which becomes the requirement of the consumers. The business that can adapt its concept in managing the business by emphasizing the good corporate governance, concerning more about the corporate social responsibility, has the occasion to survive and to maintain sustainable growth (Nonthanathorn, 2010).

Most business organizations are concerned about the turnover, cost, expense, and profit as the main goal. To reach their goal, each business tries to develop itself to earn the highest profit or to spend the least cost without any concern about the impact to the environment and society. This style of work causes an impact on the capability in the long-term profit creation or the corporate sustainability. This problem leads to the concept of corporate social responsibility, which its important principle is the operation of both internal and external activities that are concerned about the impact on both near and far society. The use of the resources of both inside and outside organization can lead to live happily together in the society (Thaipat Institute, 2010).

The industrial entrepreneurs see its importance, thus they start to operate the activities for society and the environment, which is relevant to the concept of Drucker (2001) that the business organization is a part of the society, an organization should not find only the profit, but also has the duty to create the benefit to the society by producing the quality product and service. The impact management of the business influencing the society and the social responsibility is considered as the direct responsibility of the business and had an impact on the survival of the business in the future. The concept of the corporate social responsibility becomes the direction of management that the organization is interested in because the organization is concerned that it is not only the shareholder or the entrepreneur that received an impact from the business, but also the stakeholders, consisting of officers, suppliers, community, and society (Samkoset, 2013). In addition, there is the claim from the society to the business to be responsive to the impact caused by the operation including the pressure from the international trading standard, investor, and consumers. Thus, the business organizations around the world prioritize the concept of corporate social responsibility; they broadly set this concept as the strategies in creating good image of the organization (Wongprasert, 2013).

However, There is still the question on the use of CSR concept whether the present CSR activities is really useful and create real value to both to the organization and society, or it is only for creating the organization image and for the public relation, or only the good feeling that the organization helped the society (Decharin, 2011). Due to the reason that there are many public relations of the activities and projects of the business organization to create the society, it is found that the budget spent in these activities is higher than in the CSR activities (Khunpolkaew, 2007). It can be presented that the business would like to create the image or to formulate the new marketing strategies, not the real intention to operate the corporate social responsibility; especially, there is the data that most business organizations in Thailand operate the corporate social responsibility that is not relevant to the international guidelines expected by the society. The operation of the corporate social responsibility of the business organization can be compared only as a tool to communicate for creating the roughly image (Prawichai and Rungroengphadung, 2012). This is also relevant to the concept of Karnani (2010) indicating that large business organizations often claimed that the operation of the organization did not expect only the profit, but was intended to be responsible to the society, which this is a good thought and deserves the praise, but indeed, it might be only the illusion because these business organizations mainly rely on their advantage, not the corporate social responsibility; this style of CSR aims only at taking the benefit more than seriously solving the problem of society and environment.

From the problem about the operation of CSR that aims only at the business advantage, the concept of the corporate social responsibility has been developed respectively; from the passive management, or to be responsive to the community or society when there occurs the problem, to the active management; to prioritize the stakeholders in the preventing style to create the positive effect by using the performance and professional of the organization, so-called “strategic CSR”, the business method to create the value to the stakeholder of the business is sequentially developed from this concept to be “creating shared value (CSV)”;

to create the shared value between business and society. Many business organizations in Thailand study and apply the concept of CSV to their organization, and some uses the concept of CSV instead of CSR, which can reflect that the entrepreneurs still misunderstand the use of CSV that prioritizes the use of business method to solve the social problem by concerning about the use of resources and the main professional of the business to create the value of economic and society mutually. This is the expansion or complement to the social responsibility under the business method with the responsibility. Therefore, the solution should be relying on the principles of the shared value creation about the economic value that creates the value to the society or the community, by signifying the demand and the challenge of the society. The shared value is not the social responsibility, but the new direction which leads to the economic success of the organization, by applying the concept of CSV to the business operation, which will cause simultaneously the long-term effect to the sustainable prosperity of the business organization and society (Wongprasert, 2013).

Nowadays many business organizations apply the concept of creating shared value, but there is still a lack of the study about the model of shared value creation between the business and society to be appropriately useful to the business. This is the reason why the researcher was interested in studying about the development of causal relationship model of shared value creation strategies between business and society of industrial entrepreneurs in Eastern region of Thailand, in order to use the newly-found knowledge from this research to formulate the organization strategies influencing shared value creation between business and society which is suitable to create sustainable growth of business, and to create the benefit to the industrial entrepreneurs in Eastern region of Thailand and in other regions so that this concept can be applied to sustainably create the economic value and provide the benefit to the society.

### *1.1. Purposes of Research*

1. To study the shared value creation strategies between business and society of industrial entrepreneurs in Eastern region of Thailand.
2. To study the components of shared value creation between business and society of industrial entrepreneurs in Eastern region of Thailand.
3. To develop the causal relationship of shared value creation strategies between business and society of industrial entrepreneurs in Eastern region of Thailand.

### *1.2. Hypothesis of this Research*

- $H_0$ 1 the component variables of the strategy do not have the relationship with shared value creation between business and society of the industrial entrepreneurs in Eastern region of Thailand.

- H<sub>1</sub>1 the component variables of the strategy have the relationship with the shared value creation between business and society of the industrial entrepreneurs in Eastern region of Thailand.
- H<sub>0</sub>2 the component variables of the strategy do not have the causal relationship with the statistical significance with the shared value creation between business and society of the industrial entrepreneurs in Eastern region of Thailand.
- H<sub>1</sub>2 the component variables of the strategy have the causal relationship with the statistical significance with the shared value creation between business and society of the industrial entrepreneurs in Eastern region of Thailand.

## 2. Literature Surveys

### 2.1. Organizational Strategic Planning

Pearce and Robinson (2010) described that there are generally three modes of formal strategic planning; the entrepreneurial mode, the planning mode, and the adaptive mode. For the entrepreneurial mode, the companies are basically under the control of single owners, and they are smaller companies and produce a limited number of products or services. In such firms, strategic evaluation is informal, intuitive, and limited. Larger firms that make strategic evaluation part of a comprehensive, formal planning system is in the planning mode. Rumelt (2011) found that strategic planning provides inputs for strategic thinking, which guides the actual strategy formation. The end result is the organization's strategy, including a diagnosis of the environment and competitive situation, a guiding policy on what the organization intends to accomplish, and key initiatives or action plans for achieving the guiding policy. According to Bryson (2011), strategic planning is “a deliberative, disciplined approach to producing fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why”. Most strategic planning includes the following steps: initiation, clarification of the mission, vision, and values, environmental assessment, strategic issue identification, strategy formulation, implementation, and assessment. Wheelen and Hunger (2010) stated five dimensions or characteristics of the strategic planning process, including: mission and objectives, environmental scanning, strategy formulation, strategy implementation and evaluation and control.

### 2.2. Social Accountability

Social accountability is an approach to governance that involves citizens, civil society organizations (CSOs), media, and other non-state actors in holding government accountable for its decisions and actions, especially with regard to the management and use of public resources. It is a way to make government work more effectively for citizens by giving them voice, and the opportunity to articulate their needs, monitor the government's actions – from policy making to management of public finances and delivery of public services, express their satisfaction or dissatisfaction with its performance, and even propose remedial measures. This level of engagement is an increasingly important feature of the democratization process that complements in indispensable ways the roles of elected representatives and the internal accountability systems of the government (World Bank, 2011). Social accountability depends on government creating particular enabling conditions, in collaboration with non-state actors. These conditions include a conducive political environment (notably, respect for the rule of law, civil and political rights); supportive policy and legal frameworks; efficient government processes; and facilitative norms and behaviors on the part of public officials. Systematic analysis of prevailing conditions, and consultation with a broad range of non-state actors, is often needed so that necessary reforms can be undertaken based on evidence (World Bank, 2011). There are various ways to delineate the key elements of social accountability. A framework that is often used by the World Bank is organized around three building blocks: (1) Transparency refers to the availability of information to the general public and clarity about government rules, regulations, and decisions. It is the foundation upon which both accountability and participation are built; (2) Participation refers to citizens influencing decisions, policies, budgets, and government activities that affect them. Participation should be rigorous, of high quality, and able to make a difference; and (3) Accountability can be defined as the obligation of power-holders to account for or take responsibility for their actions. In return, people have rights and responsibilities, including the right to information, the right to organize, the right to services and the obligation to uphold their responsibilities as citizens (World Bank, 2011).

### 2.3. Business Ethics

Cavico and Mujtaba (2009) consider business ethics as a form of “applied ethics” and define it as “a specialized study of moral right and wrong,” concentrating on the use of ethical principles in business. Yet it is possible for individuals in a business setting with different moral values and codes of ethics to agree, through a decision process, on specific actions that are to be taken and what presides in business dealings. Business ethics is a specialized study which constitutes of moral right and wrong, good or bad, that focuses on business institutions, organizations and activities. Business ethics is seen as something which concentrates on the moral standards as well as the moral and ethical problems which may arise in business environment). Such moral standards apply in the business policies, institutions as well as in behavior. This means that business ethics is a form of applied ethics or professional ethics. Business ethics can also be defined as written or unwritten codes of principles and values that have been decided within a company. In most basic terms, business ethics is seen as knowing the difference between right and wrong, good and bad and finally choosing the one which is right and good to do in business life. According to Bowie and Schneider (2011), stakeholder theory aims to define a company's duties and obligations to various stakeholder groups by measuring its direct and indirect impacts on employees, vendors, customers, the local community, and even the global community. The following sections take a closer look at the different definitions of stakeholder and identify a company's moral duties and obligations toward each of its stakeholder groups; (1) Customers, the social

contract between companies and their customers makes companies responsible for ensuring that they deliver the product or service their customers have paid for on or before the agreed–on deadline (Bowie and Schneider, 2011); (2) Government, companies have a duty to cooperate with government regulators and comply with rules and procedures designed to protect consumers and other groups (Bowie and Schneider, 2011); (3) Staff & Employees, companies have a moral (and sometimes legal) obligation to treat workers fairly; (4) Shareholder & Owners, in business, the executive team and the board of directors are the trustees for the stockholders, and the stockholders are the beneficiaries. Some states have passed laws allowing (but not requiring); and (5) Society & Environment, business is engaged in ongoing exchanges with its external environment across these dividing lines (Lawrence and Weber, 2013)

#### 2.4. Corporate Governance

Larcker and Tayan (2011) define corporate governance as the collection of control mechanisms that an organization adopts to prevent or dissuade potentially self–interested managers from engaging in activities detrimental to the welfare of shareholders and stakeholders. Corporate governance is built on four pillars which lead to a firm's integrity and competence. They include accountability, transparency, fairness and disclosure. Well governed organizations have more value addition to their stakeholders, employees and communities whereas poorly governed organizations cause losses of investor's funds, jobs and pensions and undermine the confidence of the investors. Hence therefore corporate governance ensures organizations are better contributors to the national economy and society (Fernando, 2009). The OECD (2004), for instance, had elaborated the corporate governance system which had been adopted by its member governments. The OECD has emphasized the following requirements of corporate governance: (1) Rights of shareholders, the rights of shareholders which have been stressed as important for ensuring better corporate governance by all writers and organizations; (2) Equitable treatment of shareholders, all shareholders should have equal opportunity for redressal of their grievances and violation of their rights. Shareholders should not face undue difficulties in exercising their voting rights; (3) Role of stakeholders in corporate governance, banks, bondholders and workers, for example, are important stakeholders in the way in which companies perform and make decisions; (4) Disclosure and transparency, organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability; and (5) Responsibilities of the board, the board needs sufficient relevant skills and understanding to review and challenge management performance. It also needs adequate size and appropriate levels of independence and commitment.

#### 2.5. Corporate Sustainability

The concept of corporate sustainability is understood intuitively, however, it remains difficult to be expressed in concrete operational terms. Companies are needed to be able to measure the sustainability of their current practices as well as the direction at which they are moving (Erol et al., 2009). Social development refers to managing a company in such a way that it improves the social inequality and divisions, quality of life, and relationships between their stakeholders (Lindgreen et al., 2009). Social development is considered as an important factor in corporate sustainability. The objective of social development aims to establish a policy that would accomplish a positive influence to all present and future relationships with stakeholders. Economic development refers to managing a company as a durable participant in the market, with a consideration of a positive impact on the economic circumstances for its stakeholders in a scale at the local, national, and/or global level. Business activities that create values include 1) the stimulation of sales growth, 2) the improvement of the production processes, and 3) the enhancement of government regulations. Cuthill (2009) report that the social can also be better achieved through a collaborative approach by inviting local citizens as a member of partnerships that could communicate well with their local government. Environmental development refers to a company's efforts to manage its operations in such a way that its final products do a little harm to the natural environment, including land, air, and water (Lindgreen et al., 2009). The core of environmental development for a company is thus to operate within the carrying capacity of the ecosystem by 1) reducing environmental pollution, 2) minimizing resource consumption, and 3) optimizing the company's ecological footprint (Lindgreen et al., 2009).

#### 2.6. Creating Shared Value

Porter and Kramer (2011) outline three distinct ways to create shared value: “by re-conceiving products and markets, redefining productivity in the value chain, and building supportive industry clusters at the company's locations.” These three ways are explained in more detail below, as their characteristics are important for data analysis; (1) Re-conceiving Products and Markets, this approach has been described previously as “Business at the Bottom of the Pyramid” (Webb et al., 2010). Porter and Kramer define it as “satisfying unmet social needs” and “serving disadvantaged communities” (Porter and Kramer, 2011); (2) Redefining Productivity in the Value Chain, Porter and Kramer's second approach to shared value strategies follows this tradition and consists of a holistic evaluation of value chain productivity in terms of energy use, logistics, resource use, procurement, distribution, location and employee productivity (Porter and Kramer, 2011); and (3) Building Supportive Industry Clusters, the final approach to shared value strategies is creating clusters for local development (Porter and Kramer, 2011). Clusters have been analyzed in the past primarily as industry clusters and were found to enhance innovation, competitiveness and knowledge exchange (Arikan, 2009; Liela et al., 2010).

### 3. Research Methodology

The researcher used the quantitative method in conducting this study. The secondary data were derived by reviewing concept, theory from the documents and related researches, and the primary data were collected from distributing the questionnaires which have the

details covering the shared value creation between business and society in the concept of strategic planning, social accountability, business ethics, corporate governance, corporate sustainability and creating shared value strategies. The questionnaire was corrected and improved by research experts, then passed the try-out process with the samples group of 30 persons to find the reliability level with the method of Alpha Coefficient of Cronbach, which the reliability coefficient is .893. This can be demonstrated that this questionnaire is reliable and can be really used in collecting data. The samples of this research are 222 business entrepreneurs of the middle and large industries in Rayong Province. The statistics used in this research are Frequency, Percentage, Mean, Standard Deviation, Confirm Factors Analysis, Pearson Correlation, and Structural Equation Model (SEM). The period of this study was from August to November 2014 (4 months).

#### 4. Research results

##### 4.1. Demographic Profiles

With regard to the demographic profiles, the results show that a total of participants in this research were 220 people, 65.00% are male, and 35% are female. As for age, 48.60% are aged between 41 – 50 years old. As for education level, 53.10% graduated higher than Bachelor's degree. As for work position, 52.70% are partner or the authorized committee. As for the organization type, 73.64% are limited company. As for operation period, 48.60% have been operated for 16 – 20 years.

##### 4.2. The Analysis of Strategic Planning

With regard to the strategic planning, the results show that in total the samples very strongly agreed with the strategic planning. In particular, mission and objective has the highest mean, followed by environmental scanning, strategy implementation, evaluation and control, and strategy formulation respectively (see table 1).

Factors	$\bar{X}$	S.D.	Translation	Ranking
1. Mission and objective	4.34	.395	very strongly agreed	1
2. Environmental scanning	4.29	.407	very strongly agreed	2
3. Strategy formulation	4.22	.416	very strongly agreed	5
4. Strategy implementation	4.29	.414	very strongly agreed	3
5. Evaluation and control	4.26	.358	very strongly agreed	4
Total	4.28	.290	very strongly agreed	

Table 1: Mean and standard deviation of strategic planning in total and in particular

##### 4.3. The Analysis of Social Accountability

With regard to the social accountability, the results show that in total the samples very strongly agreed with the social accountability. In particular, transparency has the highest mean, followed by participation, and accountability respectively (see table 2).

Factors	$\bar{X}$	S.D.	Translation	Ranking
1. Transparency	4.36	.402	very strongly agreed	1
2. Participation	4.29	.389	very strongly agreed	2
3. Accountability	4.27	.394	very strongly agreed	3
Total	4.31	.323	very strongly agreed	

Table 2: Mean and standard deviation of social accountability in total and in particular

##### 4.4. The Analysis of Business Ethics

With regard to the business ethics, the results show that in total, the samples very strongly agreed with the business ethics. In particular, ethics to customers has the highest mean, followed by ethics to staff and employees, ethics to shareholders and owners, ethics to competitor, and ethics to society and environment respectively (see table 3).

Factors	$\bar{X}$	S.D.	Translation	Ranking
1. Ethics to customers	4.34	.353	very strongly agreed	1
2. Ethics to competitor	4.24	.339	very strongly agreed	4
3. Ethics to staff and employees	4.30	.352	very strongly agreed	2
4. Ethics to shareholder and owners	4.29	.363	very strongly agreed	3
5. Ethics to society and environment	4.21	.341	very strongly agreed	5
Total	4.27	.274	very strongly agreed	

Table 3: Mean and standard deviation of business ethics in total and in particular

#### 4.5. The Analysis of Corporate Governance

With regard to the corporate governance, the results show that in total, the samples agreed with the corporate governance. In particular, a role of stakeholders has the highest mean, followed by board responsibilities, equitable treatment of shareholders, disclosure and transparency, and rights of shareholders respectively (see table 4).

Factors	$\bar{X}$	S.D.	Translation	Ranking
1. Rights of shareholders	4.15	.413	agreed	5
2. Equitable treatment of shareholders	4.16	.357	agreed	3
3. Roles of stakeholders	4.22	.306	very strongly agreed	1
4. Disclosure and transparency	4.16	.359	agreed	4
5. Board responsibilities	4.21	.324	very strongly agreed	2
Total	4.18	.287	agreed	

Table 4: Mean and standard deviation of corporate governance in total and in particular

#### 4.6. The Analysis of Corporate Sustainability

With regard to the corporate sustainability, the results show that in total, the samples very strongly agreed with the corporate sustainability. In particular, environmental development has the highest mean, followed by social development, and economic development respectively (see table 5).

Factors	$\bar{X}$	S.D.	Translation	Ranking
1. Social development	4.27	.339	very strongly agreed	2
2. Economic development	4.23	.356	very strongly agreed	3
3. Environmental development	4.29	.331	very strongly agreed	1
Total	4.26	.288	very strongly agreed	

Table 5: Mean and standard deviation of corporate sustainability in total and in particular

#### 4.7. The Analysis of Shared Value Creation Strategy

With regard to shared value creation strategy, the results show that in total, the samples very strongly agreed with creating shared value strategy. In particular, enabling local cluster development has the highest mean, followed by reconceiving products and markets, and redefining productivity in the value chain respectively (see table 6).

Factors	$\bar{X}$	S.D.	Translation	Ranking
1. Reconceiving products and markets	4.28	.422	very strongly agreed	2
2. Redefining productivity in the value chain	4.27	.351	very strongly agreed	3
3. Enabling local cluster development	4.28	.372	very strongly agreed	1
Total	4.28	.325	very strongly agreed	

Table 6: Mean and standard deviation of shared value creation strategy in total and in particular

#### 4.8. The Correlation Analysis of the Components of Shared Value Creation Strategies between Business and Society of the Industrial Entrepreneurs in Eastern Region of Thailand

The researcher analyzed the correlation of the variables of strategic planning (OSP), social accountability (ASC), business ethics (BUE), corporate governance (COG), corporate sustainability (COS), and creating shared value strategy (CSV).

With regard to the correlation analysis on the shared value creation strategies between business and society of industrial entrepreneurs in Eastern region of Thailand, the results show that the strategies which had highest correlation were the relationship between corporate sustainability (COS) and shared value creation strategy (CSV) (see table 7).

variables	OSP	SAC	BUE	COG	COS	CSV
OSP	1	.592**	.711**	.400**	.427**	.423**
SAC		1	.729**	.522**	.635**	.579**
BUE			1	.456**	.581**	.546**
COG				1	.783**	.800**
COS					1	<b>.828**</b>
CSV						1

Table 7: The correlation analysis of the components of shared value creation strategies between business and society of the industrial entrepreneurs in Eastern region of Thailand

\*\* statistical significance at the level of .01

4.9. Causal Relationship Analysis

The researcher analyzed and verified the concordance of the shared value creation strategies between business and society of the industrial entrepreneurs in Eastern region of Thailand; the component factors of strategic planning (OSP), consisting of mission and objective (OSP1), environmental scanning (OSP2), strategy formulation (OSP3), strategy implementation (OSP4), and evaluation and control (OSP5). The component factors of social accountability (SAC) consisted of transparency (SAC1), participation (SAC2), and accountability (SAC3). The component factors of business ethics (BUE) consisted of ethics to customers (BUE1), ethics to competitor (BUE2), ethics to staff and employees (BUE3), ethics to shareholder and owners (BUE4), and ethics to society and environment (BUE5). The component factors of corporate governance (COG) consisted of rights of shareholders (COG1), equitable treatment of shareholders (COG2), roles of stakeholders (COG3), disclosure and transparency (COG4), and board responsibilities (COG5). The component factors of corporate sustainability (COS) consisted of social development (COS1), economic development (COS2), environmental development (COS3). The component factors of creating shared value strategy (CSV) consisted of reconceiving products and markets (CSV1), redefining productivity in the value chain (CSV2), and enabling local cluster development (CSV3). The analysis results of the causal relationship of shared value creation strategies between business and society of the industrial entrepreneurs were found that the component weight of the variables of strategic planning, corporate governance, and corporate sustainability have the statistical significance ( $P < 0.01$ ), which can be presented that the variables of strategic planning, corporate governance, and corporate sustainability are the important variables signifying the shared value creation strategies between business and society, by which the component weight of the variables is 0.22 – 0.86 (see figure 1).

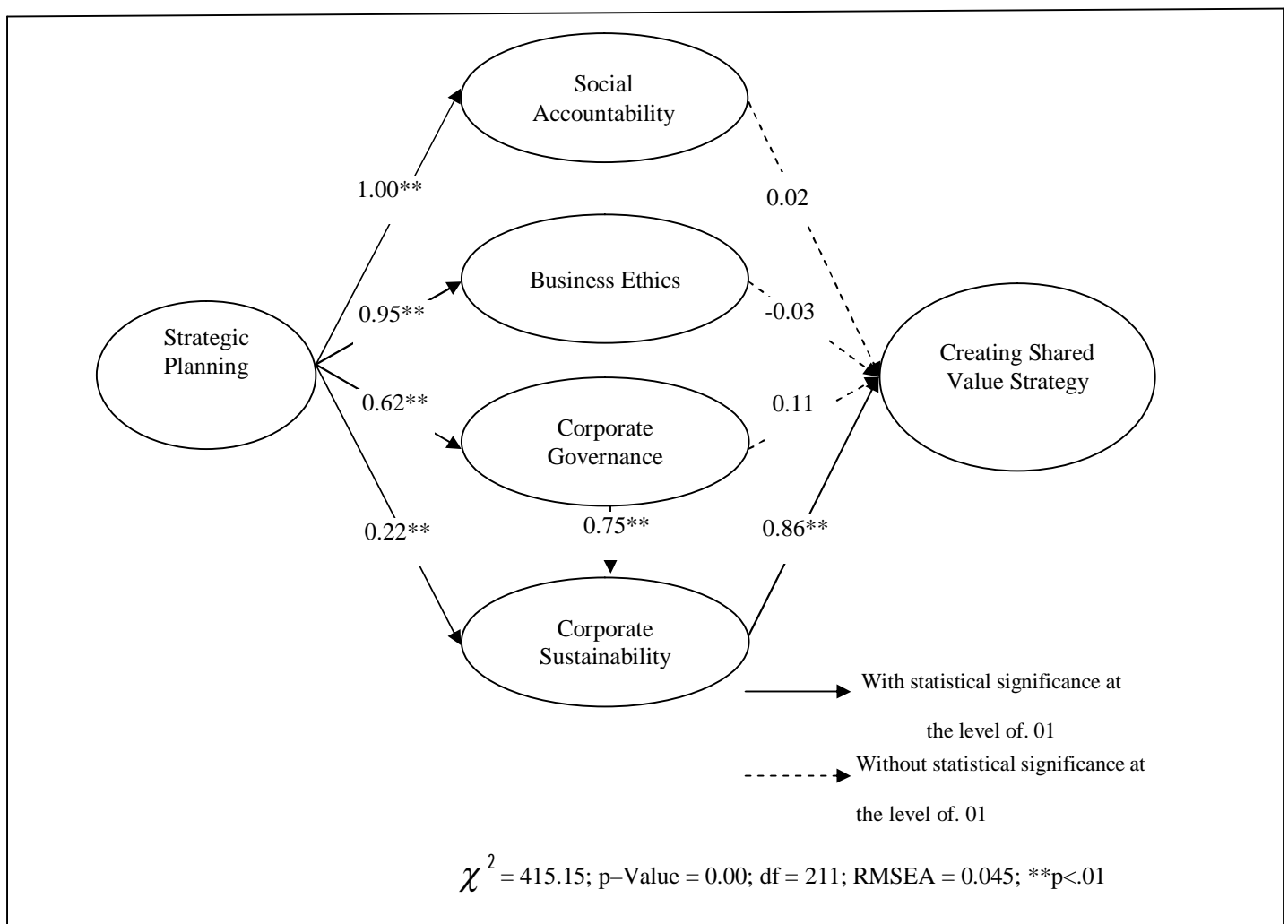


Figure 1: The causal relationship of shared value creation strategies between business and society of the industrial entrepreneurs in Eastern region of Thailand, created by the researcher

Dependent variables	R <sup>2</sup>	Relationship	Independent variables				
			Strategic Planning	Social Accountability	Business Ethics	Corporate Governance	Corporate Sustainability
Social Accountability	1.00	DE	1.00**				
		IE					
		TE	1.00**				
Business Ethics	0.89	DE	0.95**				
		IE					
		TE	0.95**				
Corporate Governance	0.38	DE	0.62**				
		IE					
		TE	0.62**				
Corporate Sustainability	0.47	DE	0.22**			0.75**	
		IE	0.46**				
		TE	0.68**			0.75**	
Creating Shared Value Strategy	0.42	DE		0.02	-0.03	0.11	0.86**
		IE				0.65	
		TE		0.02	-0.03	0.76	0.86**
$\chi^2 = 415.15$ ; p-Value = 0.00; df = 211; CFI = 0.97; GFI = 0.89; AGFI = 0.81; RMSEA = 0.045; SRMR = 0.048; **p<.01							

Table 8: the correlation of the direct, indirect and total influence of shared value creation strategies between business and society of the industrial entrepreneurs in Eastern region of Thailand

From table 8, the results show that the model according to the hypothesis has the concordance with the empirical data in good level by considering the value of tested statistics such as  $\chi^2 = 415.15$ ; p-Value = 0.00; df = 211; CFI = 0.97; GFI = 0.89; AGFI = 0.81; RMSEA = 0.045; SRMR = 0.048, when considering the relationship direction of the relationship model, it was found that

1. The variables which have the direct influence on social accountability are strategic planning, with the influence correlation at the level of 1.00 with the statistical significance at the level of .01.
2. The variables which have the direct influence on business ethics are strategic planning, with the influence correlation at the level of 0.95 with the statistical significance at the level of .01.
3. The variables which have the direct influence on corporate governance are strategic planning, with the influence correlation at the level of 0.62 with the statistical significance at the level of .01.
4. The variables which have the direct influence on corporate sustainability are strategic planning with the influence correlation at the level of 0.22, and corporate governance with the influence correlation at the level of 0.75 with the statistical significance at the level of .01.
5. The variables which have the direct influence on corporate sustainability are strategic planning, with the influence correlation at the level of 0.46 with the statistical significance at the level of .01.
6. The variable of strategic planning can predict the social accountability at 100%.
7. The variable of strategic planning can predict the business ethics at 89%.
8. The variable of strategic planning can predict the corporate governance at 38%.
9. The variable of strategic planning and corporate governance can cooperatively predict the corporate sustainability at 47%.
10. The variable of social accountability, business ethics, corporate governance, and corporate sustainability can cooperatively predict the shared value creation strategies at 42%.

## 5. Conclusion and Discussion

With regard to the analysis of the correlation of the component factors of strategic planning (OSP), social accountability (SAC), business ethics (BUE), corporate governance (COG), corporate sustainability (COS), and creating shared value strategy (CSV) was found that the correlation of all six variables of shared value creation strategy between business and society of the industrial entrepreneurs is positive, which can be presented that all six variables have the relationship in the same direction with the statistical significance at the level of .01; which the highest correlation is the relationship between corporate sustainability (COS) and shared value creation strategy (CSV), which is relevant to the concept of KPMG (2011) that corporate sustainability is defined as adopting business strategies that meet the needs of the enterprise and its stakeholders while sustaining human and natural resources. Social development is considered as an important factor in corporate sustainability. The objective of social development aims to establish a policy that would accomplish a positive influence to all present and future relationships with stakeholders. Additionally, Cuthill (2009) report that the social can also be better achieved through a collaborative approach by inviting local citizens as a member of partnerships that could communicate well with their local government. Corporate sustainability essentially refers to companies' efforts to reduce the negative effects they have on people, the environment, and on the economies where they operate. In addition, Porter and



Kramer (2011) attempt to broad on the concept of shared value beyond the arena of corporate social responsibility with a greater focus on the nature of capitalism and markets. They suggest that by adopting shared value principles business and society will be reconnected “unleashing” new waves of innovation and a new socially imbued capitalism. Moreover, Karnia and Kramer (2011) also said that shared value has added to the wider discourse that views the private sector as key for development and profitable business models as consistent with enhancing social impact. Creating Shared Value is a management strategy focused on companies creating measurable business value by identifying and addressing social problems that intersect with their business.

In addition, the factors influencing shared value creation strategy between business and society; corporate sustainability has an influence on shared value creation strategy between business and society with the statistical significance at the level of .01; corporate governance has an influence on corporate sustainability with the statistical significance at the level of .01; and strategic planning has an influence on corporate governance and corporate sustainability with the statistical significance at the level of .01, which is relevant to the concept of Rumelt (2011) that strategic planning provides inputs for strategic thinking, which guides the actual strategy formation. The end result is the organization's strategy, including a diagnosis of the environment and competitive situation, a guiding policy on what the organization intends to accomplish, and key initiatives or action plans for achieving the guiding policy. Bryson (2011) additionally said that strategic planning is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future. This is also relevant to the theory of Kor and Sundaramurthy (2009) that corporate governance focuses on providing strategic direction for the organization focusing on those governance mechanisms that aid the firm in growth and development. This theory assumes that profit and shareholder return on investment are primary indicators of a successful business enterprise. Even though the primary purpose of strong corporate governance is to increase shareholders' equity and to achieve sustainable economic growth. Aquila (2009) argues that good corporate governance must serve the interests of all stakeholders by assuring the implementation of adequate internal and external controls over the company's operations. Brockett and Rezaee (2012) said that sustainability is “the process of establishing appropriate strategies, policies, and procedures that satisfy present needs without jeopardizing the future”. Poister (2010) also pointed out that strategic planning is concerned with formulating strategy. Strategic planning takes a “big picture” approach that blends futuristic thinking, objective analysis, and subjective evaluation of values, goals, and priorities to chart a future direction and courses of action to ensure an organization's vitality, effectiveness, and ability to add public value. Porter et al. (2012) said that, instead, through innovation in new technologies, operating methods, and management approaches a firm can improve society while increasing their productivity and profitability. Porter and Kramer's second approach to shared value strategies follows this tradition and consists of a holistic evaluation of value chain productivity in terms of energy use, logistics, resource use, procurement, distribution, location and employee productivity (Porter and Kramer, 2011).

With regard to the social accountability and business ethics that did not have an effect on shared value creation strategy between business and society of the industrial entrepreneurs in Eastern region of Thailand, this is not relevant to the set hypothesis. The use of corporate social responsibility, in Thailand, was redefined that it should be effectively operated by shared value creation strategy between business and “good governance”. The result of social activities operation by shared value creation strategy between business and society cannot signify the CSR operation influencing the social development, or that the society was improved, or that the social problems were seriously and sustainably resolved. It was shown by the ongoing and increased problem between industry and community nowadays in living together. Therefore, the image of the industrial entrepreneurs operating the CSR activities is only for advertisement and public relation, not the real business ethics; thus this cannot create shared value between business and society, and also the sustainable cooperative development of society.

## 7. Recommendations

1. The research results should be used to support the organizational strategic planing, corporate governance, and corporate sustainability in every size of industry in order to create shared value between business and society of the industrial entrepreneurs in Eastern region of Thailand.
2. The research results should be used to createthe recognition about the corporate social responsibility and business ethics, which really comes from the responsibility of the industrial entrepreneurs, by applying the theory of Sufficiency Economy of King Rama IX; about moderation, prudence, and social immunity, to the business in order to live together and to sustainably create the benefit to society, community, and environment in the future.
3. According to the analysis of the correlation, the failure is that the accountability towards society and environment of the business in Thailand aims only at creating the public relation to build good image to the business for the competitive advantage, but this cannot create the corporate sustainability. Thus, there should be more study about the development of the activity model of corporate social initiative (CSI).
4. There should be the study about other components, such as the concept of Buddhist morality for society in order to study the balance development of economic, society, and environment for creating happiness, balance, stability, and sustainability between the industry and community.

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