

Organizational Implications of Thailand's Sufficiency Economy Principles (SEP) and Buddhist Economics

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King Bhumibol Adulyadej's efforts to create a sustainable Thailand have earned global recognition. Sustainability has become the center of worldwide efforts to achieve resource longevity while also contributing to environmental protections. Perhaps more importantly, his sufficiency economy philosophy (SEP) suggests a way to reorient an excessively growth-oriented consumerist culture to one of sustainable self-sufficiency. While successful in Thailand's agricultural and rural areas, questions have been raised regarding the SEP's application in non-farm urban and private sector organizations. This paper suggests that the efforts required to achieve consistent and long-term sustainability as well as fidelity to the SEP requires two elements. In addition to a commitment to the concept of the SEP and Buddhist economics, organizational mechanisms and managerial processes must guarantee that changes in management or political administrations will not result in the abandonment of sustainability policies and practices or the SEP. In other words, espoused values must be matched by values in action. Further, this paper will address implications of the philosophy for designing internal organizational mechanisms to insure managerial practices compatible within a sufficiency context.

Efforts promoting sustainability have focused broadly on the natural environment, resource utilization; and, soil, air, and water pollution. Sustainability efforts have also embraced organic farming and animal husbandry, developing closer relationships between farmers and their communities, and promote the wellbeing of farmers and the communities in which they live (van Willenswaard, 2015). Much of this in Thailand has been promoted under the umbrella concept of the sufficiency economy philosophy (SEP) promulgated by King Bhumibol Adulyadej, initially for agricultural and rural life but now being espoused nationwide to all sectors of the economy. Significantly, Thailand has merged its sufficiency economy principles of moderation, reasonableness, and prudence into its national development policies and practices to meet the United Nations' recent sustainable development goals (SDGs) (UN, 2015). Indeed, its implementation plan distributed by the Ministry of Foreign Affairs (Pramudwinai, 2017) may serve as a model for other developing economies in addressing the public sector challenges of the SDGs. Indeed, there has been significant success in instilling and practicing the sufficiency philosophy in Thailand's schools (Dharmapiya & Saratun, 2017) with the intention of preparing Thailand's future generations to live the philosophy.

In Thailand, Bhutan, Sri Lanka (perhaps Myanmar, too, as its nascent democracy progresses) the sufficiency economy is a natural outgrowth of the prevailing Buddhist society in those countries. In Thailand especially, scholarship in Buddhist economics is being encouraged (Pyuto, 1992; Puntasen 2007). Ironically, but not surprisingly E.F. Schumacher, a Western advisor to Burma was inspired by his visit to think differently about economics, culture and development and popularized the concept of Buddhist economics. (Schumacher, 1973). Since identifying this line of thought and the advent of engaged Buddhism (see, for example: Sathirakposes Nagapradipa Foundation and Foundation for Children, 1999), Buddhist societies have witnessed an upsurge in interest that coincides with the rise of Thailand's SEP. With all of this activity it may be time to think of the next step in operationalizing the SEP and Buddhist economics consider what corresponding principles of management would be appropriate from a Buddhist perspective.

First, the sufficiency economy principles (SEP)

According to the Chaipattana Foundation (n.d.), the SEP is built on trust and integrity and advocates for:

- Moderation: Sufficiency at a level of not doing something too little or too much at the expense of oneself or others, for example, producing and consuming at a moderate level.

- Reasonableness: The decision concerning the level of sufficiency must be made rationally with consideration of the factors involved and careful anticipation of the outcomes that may be expected from such action.

- Risk Management: The preparation to cope with the likely impact and changes in various aspects by considering the probability of future situations.

Decisions and activities must be carried out at a sufficient level depending on two conditions:

- Knowledge, comprising all-round knowledge in the relevant fields and prudence in bringing this knowledge into consideration to understand the relationship among the field so as to use them to aid in the planning and ensure carefulness in the operation.

- Virtue to be promoted, comprising the awareness of honesty, patience, perseverance, and intelligence in leading one's life (<http://www.chaipat.or.th>, n.d.).

In many respects the SEP is both an outgrowth of and dependent upon the eightfold path and the four noble truths,¹ fundamental Buddhist beliefs and practices. Buddhist economics and the SEP are clearly more value orientations than specific prescriptions for actions and policies. In some respects they are similar to humanistic, eupsychian, democratic, and participative management, which also tend to a values-based approach to managing but suffer the same challenges in implementation. There is an obvious reason for this state of affairs.

Free market rules contradict SEP

The free market economies of most of the “developed” countries have an operating philosophy and built-in practices that contradict SEP (and humanistic) principles. The neo-liberal economics that characterizes North America and most of Western Europe, among others, (globalization has influenced economic behavior in Thailand, too) reflect the following core principles that have intensified over the last 35 years since the Reagan-Thatcher era. They are, in contradistinction to the SEP and Buddhist economics:

- 1) Unfettered free-markets (the role of government and regulation should be minimized)
- 2) Privatization of virtually all government services and programs thus letting the markets decide need, costs, availability, and prices of government products and services
- 3) Tax resistance

¹ For a detailed discussion of these and other principles of Buddhism, see, for example: <http://www.buddhanet.net/index.html>

- 4) Reduce government subsidies and social programs including roads, health care, education, retirement, and even space travel
- 5) Reduce or eliminate labor unions especially their right to organize and negotiate for wages, benefits, and working conditions.

Perhaps most relevant to this paper is the current ethos of maximizing profits and shareholder value, the instrumentality of physical resources, the environment, people, and technology toward those ends – ideas that inevitably result in the exploitation of people, communities, and the Earth. All of this directly contradicts the core elements of a sufficiency economy and principles of Buddhist economics – moderation, environmental responsibility, reasonableness, self-sufficiency, right livelihood, community mindedness, service to people, honesty and modesty (Sachayansrisakul, 2009). Not only are there philosophical differences but structural ones as well. While the SEP and Buddhist Economics call for consensus building, stakeholder involvement, questioning the idea of private property, sharing of purposeful visioning and outcomes of collective effort, and consideration for the environment, mainstream economics is structured to reward a few owners in a fundamentally authoritarian power structure and control oriented hierarchy. With the organization's right to "fire at will" (terminate employees whenever it suits a manager), employees are intimidated into obedience and craft their behavior in organizations in a way that wins the approval of bosses all the while pursuing their self-interest and career advancement that creates inauthentic collegial behavior. Incentives are created to align with the goals of high profits, and low costs. The ethos is based on increasing profits each quarter in a hyper-competitive environment engulfed in constant pressure to "maximize" profits.

The ills of the prevailing economic system that engenders maximization of profits, competition among labor for career advancement, conspicuous consumption of goods and services that fashion leaders cyclically devalue thereby increasing waste to enormous levels as demand shifts to new superfluous products and services, are now painfully clear. Additionally, this puts pressure on acquiring resources that will soon outstrip the planet's ability to provide them. Not only does this threaten the ability of succeeding generations to meet their needs, it threatens the present with great disruptions in necessary resources. While the economic consciousness is rising among consumers all over the world, the enormous changes taking place in China and India are on a consumer driven road to negate whatever slowdowns occur in the West. The fragility of the biosphere and the world's continuing damage to it creates daunting challenges that require more than consciousness-raising and the promotion of a virtuous philosophy to deal with it. While the SEP will become increasingly attractive and a tool to delay the catastrophe that seems inevitable, it needs structural and policy mechanisms to realize its full potential. Depending on individual virtue and self-control alone or

organizations' voluntary commitments to higher standards and behaviors is insufficient to change these systems.

Of course there are exceptions and there is some evidence that a few organizations actually try to live by a set of values that Buddhists and humanists would find welcoming, but the structure and processes still do not reflect SEP values. I contend that in order for the SEP, Buddhist economics, or humanistic philosophies to thrive in private sector organizations, the structures and processes must change to allow that to happen.

Organizational structures for a sustainable organization

Ultimately, the SEP and Buddhist economics will shift our thinking and practice. Since Bhutan introduced the idea of Gross National Happiness (GNH) as a driver for measuring the effectiveness of government policy, and the United Nations (UN) incorporated the idea in the latest edition of the SDGs, some nations and many cities around the world have been developing measures to indicate the perceived quality of life of its citizens (Musikanski, 2015). "Buddhist economics would investigate how a given economic activity affects the three interconnected spheres of human existence: the individual, society, and the environment" (p.20). In each case the key question is, will my individual choice result in my development as a human being? Will my community be enhanced? Will the environment be restored? As Payutto has reminded us, "production and consumption must lead to the development of well being" (p.37).

We have learned through the evidence of Bhutan's GNH approach to measuring social-psychological output, that instead of just looking at GNP or economic output, GNH better describes what is important to a people and people-centered government policy can have more of a holistic impact on the well being of society than indiscriminate economic growth. Growth as measured by GNP makes no distinction between the value of economic output other than noting a number of economic units were produced. A dollar of opioids equals a dollar of apples and volunteering at a community center doesn't get counted. Perhaps we should start by pushing governments to start assessing the GNH or wellbeing of its people to determine where to begin policy interventions.

According to Schumacher (1968), "The Buddhist point of view takes the function of work to be at least threefold: to give man a chance to utilise and develop his faculties; to enable him to overcome his ego-centredness by joining with other people in a common task; and to bring forth the goods and services needed for a becoming existence" (P 2). A diametrically opposite perspective reigns in some of the largest world economies that see work as a competitive battlefield where people's

identities are defined, their self-concept hardened, and their sense of worth corresponds to their success in utilizing their workplace behavior to succeed in material, professional, and career terms.

van Willenswaard and his contributors (2016) suggest that a societal consensus should be formed by means of mindful markets (manifesting a planetary consciousness and a focus on well being of individuals, groups, and the environment), a dollop of critical holism (whereby consensus is a negotiated process for the purpose of extending inclusion and voice as widely as possible), while co-creating a fair platform for mutual community building. These ideas are consistent with the SEP and Buddhist economics. They have outlined some specific mechanisms including re-creating the cooperative (co-op) society with shared ownership, joint decision making and extensive de-centralization of management functions, more equitable distribution of incentives and rewards (see, for example, Mondragon, a huge collection of interdependent coops in the Basque region of Spain <http://www.mondragon-corporation.com/en/>). Mondragon may be the world's biggest and most successful of such ventures and serves as an example of how philosophical principles accompanied by design principles, and empowerment of each participant can become a reality. While Thailand has many cooperatives most are in the agricultural, credit union, grocery, and crafts sectors. There is considerable room to expand the use of this tool. This form of organizing does offer the potential for commercial enterprises committed to the SEP to structure their managerial systems in a way more compatible with the philosophy.

Organizing principle

When Moses led the Jews out of Egypt as described in the first book of the Judeo-Christian Bible, his responsibilities for personally supervising the entire effort required his attention in every waking moment. His father in law, Jethro, advised him to organize the people into groups of thousands, hundreds, fifties and tens, and appoint leaders over the groups to supervise each. Indeed, the ancient world had many examples of large-scale command and control systems to rule armies, build walls, irrigation systems and pyramids, and to collect taxes. Bureaucracy is not new and the hierarchical system of command and control seems obvious; but it is not the only option. In command and control systems each boss/commander has complete control over those "below." While a hierarchy itself isn't necessarily a barrier to enlightened management, it is often an excuse to maintain an autocracy and the traditional structure and privileges. Thus, taking a look at how the hierarchy functions and the roles of each boss/manager is the first place to look for ways of modifying the organization to accommodate the values in the SEP, Buddhist economics or humanistic management. For example, the rise of professional human

resource management has resulted in the creation of processes that safeguard the rights of many employees from arbitrary and capricious behavior and the more nefarious aspects of the “fire at will” mentality.

Though Friedman (1962) claimed, “There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud” (p. 133) he was loathe to have the government create rules and regulate the marketplace or businesses. We have seen what this mentality leads to with the unprecedented unleashing of greed and fraud on an epic scale with the collapse of the financial system in 2008 in large part due to the de-regulation of the sector. This is an approach that governments should take to enforce certain changes that are required (to save the environment for example) that business simply would not find in their self-interest to engage in. It would not be unreasonable that governments regulate recycling, use of materials, pollution output, environmental restoration, plans to combat global warming, or even basic working conditions.

Other forms of regulation could also support the objectives of the SEP such as requiring corporate charters with sunset clauses or “death penalties” whereby corporations would need to prove they have lived up to the requirements of the charter – primarily showing they have served the public honorably. The death penalty would be reserved for truly egregious acts such as knowingly selling dangerous products, deceptive advertising, scandalous behavior such as falsifying records, dumping toxic waste, causing harm, etc. In the case of a death sentence the corporate assets would be, for example, distributed to other economic actors or dissolved.

Requiring a reserve or pool of retained earnings might insure that the organization could weather the unexpected fluctuations and special circumstances that buffet businesses in the global economy to insure their sustainability. In the words of the SEP, to insure its “immunity.” More broadly Kantabutra (2007) reported several studies of Thai firms that survived the crisis of 1997 that did so with an operating philosophy aligned with the SEP and managerial practices of the Rhineland (Germany) reported by Avery (2005). Bunnag (2013) and Kantabutra (2007) reported that “There is empirical evidence from studies of both Thai and Western business enterprises that there are certain common practices among business entities that can help sustain their business during economic difficulties” (p.41). Bunnag, drawing upon the research of Kantabutra (2007) identified the following principles of businesses in the sufficiency economy:

- 1) Adopt a long-term perspective for decision-making in management level. Do not focus on short-term maximizing profit but emphasize on long-term effects.
- 2) Value and develop human resources as an essential investment. Do not lay off employees to cut costs.
- 3) Be honest and concern with the society, the environment as well as contribute to the welfare of the community. That is ready to, prepared for and responsible to a wide range of stakeholders including the environment and the society.
- 4) Nurture innovation throughout the organization in both products and manufacturing process which is often the result of promoting cross-functional teamwork.
- 5) Optimize the use of raw materials and resources.
- 6) Adopt local wisdom and try to develop inexpensive but effective manufacturing technology.
- 7) Careful investment by gradually expand the business when the firm is ready to grow not because of temporary market demand.
- 8) Minimize risk by diversify products, expand markets and adjust investment portfolios.
- 9) Share knowledge to develop the market to benefit consumers. Synergizing with direct competitors and other firms in similar business could radically improve the industry.
- 10) Conduct business ethically, with perseverance and diligence (p.18).

This list and the SEP itself is still dependent on the manager and his direct reports (at least) for the implementation and it is their choice whether or not they truly live the espoused values and to the extent that they can do so is still a matter of interpretation. The research cited above doesn't reveal any mechanisms to insure these practices are indeed institutionalized. To give observers as well as participants assurances that the SEP has indeed been adopted, is to provide observable evidence and a description of how these claims are realized. Self-report indicators are too idiosyncratic and beyond empirical verification and there is simply too much variance in the reporting. That is not to say it doesn't matter. It is a good first indicator of intentions and efforts to make it happen. That is the first step in a long road.

One way to achieve a public good, such as environmental protection and restoration, is through tax policy and regulations that would hold organizations accountable for their environmental footprint, resource extraction, product recycling, and pollution (waste). Following this line of thinking, it is easy to imagine a

transformation of business to conform to universally applicable standards that contribute to the realization of the SEP.

As for managerial behavior within the current organizational structure that dictates the interpersonal climate of a company and individuals' ability to live the values, a few mechanisms are required that may need to be enshrined in corporate charters and bylaws. For example, some organizations are now instituting constitutions, bi-directional stakeholder audits, representative boards (to give voice to each employee to be involved in policy), and an independent ombudsperson/ethics officer to facilitate conflict resolution and to insure behavior that reflects the values and principles of the SEP as they are developed in each organization. A more radical idea is the shift of managerial accountability would be instituting assessment from direct reports (and others) in order to discourage departure from the SEP values. Perhaps the easiest approach would be to have the HR department continue to offer frequent SEP training and reviews, internal coaching, assessment and feedback to the organization on how well the SEP is being implanted and suggestions for improvement.

Conclusion

While options and possibilities for organizing and managing are numerous, rarely are they explored for best use by, and appropriateness for, any particular organization. Rather, we seem to accept the conventional wisdom that the neo-classical form of top down, disempowering command and control hierarchies are the only, if not the best, form; and rarely question it. Yet, the ideas underlying the SEP and Buddhist economics are thriving with increasing numbers of committed individuals. The discipline of organizational behavior/development (OB/D) has shown time and time again over the last 50 years that empowerment, participation, self-organizing teams of colleagues, cultivating an egalitarian organization with lots of opportunities to contribute, and building consensus, make organizational life fulfilling. There is a catalog of techniques to help government planners and managers implement philosophies so that their organizations can live consistently with the vision. The insights from organizational behavior scholars doesn't seem to have spread much further than a relative handful of organizations managed by true-believers utilizing the insights from OB/D community. With the maturing of the SEP and Buddhist economics and the growing momentum for change amidst an increasing numbers of working experiments, the future is quite promising; and, because of the support of the Thai government and Royal family, Thailand seems likely to emerge as the leader in this critical transformation.

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