

GUIDELINES FOR DEVELOPING SUSTAINABLE BUSINESS PERFORMANCE IN THAILAND'S WOOD PRODUCT INDUSTRY

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ABSTRACT

The wood product industry plays a crucial role in Thailand's economy. Competition in the global wood product industry market requires Thai entrepreneurs to adapt their strategies and develop wood-related products. To ensure organizational survival and sustainable growth, this research aims to propose guidelines for developing sustainable business performance in Thailand's wood product industry. This study employs qualitative research methodology, collecting data through in-depth interviews with 12 key informants from government, industry leadership, and experienced practitioners, the findings indicate that sustainable performance is driven by the interaction of adaptive leadership, continuously improved organizational systems, and integrated supply chains, all embedded within a collaborative organizational culture. The study highlights the industry's structural challenge of high experience dependence and limited technological integration, suggesting that sustainability emerges through continuous learning and the parallel development of leaders, systems, and personnel. These insights contribute practical guidance tailored to the Thai context.

Keywords: Performance, Business Operations, Sustainability, Wood Product Industry

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INTRODUCTION

The wood product industry is an industry involving the processing of wood as a natural raw material through various technologies and processes to create value-added products usable in different economic sectors. This process begins with timber harvesting from forests or approved resource areas. The wood is then processed through various procedures that give it properties suitable for intended uses. Wood raw materials can be utilized in various industries, such as the construction industry for building houses or structures, the furniture industry for manufacturing tables, chairs, cabinets, and other decorative products, the packaging industry for making paper, wooden crates or packaging boxes, and other industries requiring durable, high-quality materials. The wood product industry is thus embedded in every industrial unit and forms part of the country's economic driver.

The wood product industry is significant to Thailand's economy. Wood products are among the country's important exports, generating national income and creating employment for rural populations. In 2022, Thailand's wood product exports were valued at 104,000 million baht. However, in the first four months of 2023, export value increased to 36,400 million baht, representing a 5.31% increase compared to the same period the previous year. Thailand's wood product exports are divided into five categories: processed wood, fiberboard, plywood, furniture, and other wood products. Processed wood, fiberboard, and plywood account for 73% of total exports, while furniture and other wood products account for the remaining 27% (Thai Furniture Industry, 2023). In 2023, Thailand's wood product export value under HS Code 44 stood at 115,174 million baht (Thai Customs, 2024).

From the above data, it is evident that the wood product industry is significant to Thailand's economy. This aligns with government policy through the announcement of the 20-Year National Strategy (2018-2037), which establishes the vision for Thailand to be a "secure, prosperous, and sustainable developed country." Under this vision, emphasis is placed on natural resources, environment, and sustainable development alongside the economy. One of the six national-level strategies is growth creation based on environmentally-friendly quality of life, which promotes industries related to forest resources, including other natural resource management, necessitating more sustainable operations and environmental responsibility (Thai Government Gazette, 2017). Simultaneously, the proclamation of the BCG Model as a national agenda by integrating three dimensions-Bio-economy, Circular economy, and Green economy-plays an important role connecting with the 20-Year National Strategy. The Action Plan for Driving Thailand with the BCG Economy Model 2021-2027 establishes a framework positioning natural resources and biodiversity as the foundation, meaning using Thailand's "biodiversity and natural resource advantages" as a starting point for creating added value for bio-based products and related industries (Thai Government Gazette, 2021).

However, although national strategies and agendas have directions that promote sustainable growth of the wood product industry both domestically and internationally, careful consideration reveals that Thailand's wood product industry needs to elevate internal organizational management concepts to align more with changing social contexts. This includes adding value to processed wood sheets, fiberboard, or plywood to become furniture and other wood products, as well as considering careful and sustainable use of natural resources and the environment. All of this drives entrepreneurs and wood product industry executives to manage organizations capable of responding to market demand trends emphasizing society and environment while simultaneously creating organizational profits.

Existing international sustainability models, including the Triple Bottom Line and Creating Shared Value, provide broad principles but offer limited empirically grounded guidance for firms operating within Thailand's wood product industry, which is characterized by family ownership, experience-based knowledge, and rapid market changes. Prior studies tend to focus on quantitative performance indicators or generalized frameworks, leaving a gap in

understanding how internal organizational factors interact to produce sustainable performance in this specific context.

This study addresses this gap by exploring how leadership, organizational systems, culture, and supply chain relationships collectively shape sustainable business performance in Thailand's wood product industry. By grounding the analysis in qualitative evidence from key industry stakeholders in Bangkok, the research aims to derive context-specific guidelines that extend existing sustainability theories into actionable organizational practices. This research aims to propose guidelines for developing sustainable business performance in the wood product industry.

LITERATURE REVIEWS

Concepts and Theories Related to Sustainable Business Performance in the Wood Product Industry

A key component of sustainable business operations is organizational sustainable value creation, meaning the ability to operate beneficially for the environment and society while maintaining customer and shareholder satisfaction. Dunphy (2011) defines sustainability as operations that help extend the longevity of socially beneficial organizations, enhance the ability to maintain and restore biosphere vitality and protect all living things, strengthen society's capacity to sustain itself and solve its major problems, and maintain levels of welfare, participation, and personal freedom for humanity both present and future.

In 1994, John Elkington developed concepts regarding sustainable business performance, defining it as organizational ability to conduct business creating profits and value for stakeholders over the long term without negatively impacting natural resources, society, and environment in the future. This concept emphasizes balancing three key factors: Profit, People, and Planet, collectively called the Triple Bottom Line (TBL). This concept has gained widespread acceptance as a framework for sustainable and long-term responsible business operations (Elkington, 1994).

In 2011, the Creating Shared Value (CSV) concept proposed by Kramer & Porter (2011) became an approach reinforcing sustainable business performance by integrating business success with solving social and environmental problems through activities promoting Economic Sustainability, Business Continuity, and Customer Patronage. Organizations conducting business using the shared value creation approach can respond to market needs and create long-term competitive advantages. Economic sustainability arises from developing products or services addressing social and environmental problems, such as reducing energy use in production processes, which helps reduce costs and increase profits. Simultaneously, it promotes business continuity through efficient value chain management, such as supporting local suppliers or developing nearby communities, enabling organizations to reduce risks and adapt quickly when facing challenges. Additionally, conducting activities with social and environmental responsibility creates positive image and builds customer trust (Customer Patronage), which is a key factor helping maintain customer base and strengthen Customer Loyalty long-term. It can be said that linking all three sustainability components is an important foundation leading organization toward sustainable business performance and stability amidst rapid changes.

Elkington's (1994) Triple Bottom Line (TBL) concept aligns with Chen et al.'s (2010) study findings, which identify three criteria for sustainable performance: economic sustainable performance, environmentally sustainable performance, and social sustainable performance. This corresponds with the European Commission, which published a sustainable development strategy in 2001 emphasizing the importance of social cohesion, environmental protection, and economic growth proceeding together (Pei, Amekudzi, Meyer, Barrella, & Ross, 2010). Guan, Cheng, & Ye (2010) explained the integration of sustainable management concepts with supply

chain management into sustainable supply chain management as a modern management approach emphasizing integration among economy, environment, and society throughout all processes, including procurement, producing, packaging, transportation, storage, consumption, and end-of-life product disposal, supported by modern supply chain management technology with the ultimate goal of achieving sustainable development economically, environmentally, and socially.

In the Thai wood product industry, where tacit knowledge, family succession, and relational governance dominate, these theories require contextual adaptation. Drawing additionally on stakeholder theory and the resource-based view, this study proposes a conceptual framework in which leadership capability, organizational systems, entrepreneurial characteristics, organizational culture, supply chain integration, and organizational flexibility function as interrelated resources shaping sustainable performance across economic, social, and environmental dimensions.

This framework guided data collection and analysis by providing a theoretical lens for examining how internal and external organizational factors interact, rather than operating in isolation.

RESEARCH METHODOLOGY

This research uses qualitative research methodology through in-depth interviews with key informants: 1) four government and private sector executives, 2) four executives or entrepreneurs in the wood processing industry in Bangkok, and 3) four personnel working in the wood processing industry with more than 10 years of experience, totaling 12 people. The number of key informants follows the principle of theoretical saturation, meaning researchers stop interviewing new key informants when no new emerging issues are found (Hennink & Kaiser, 2022).

The research instrument is a semi-structured interview guide that has undergone content validity testing. Data collection through in-depth interviews and data analysis through content analysis. Interview transcripts were coded inductively, categories were refined through constant comparison, and themes were validated through researcher triangulation.

RESEARCH FINDINGS

Guidelines for Developing Sustainable Business Performance in the Wood Product Industry

Sustainability of business operations in the wood product industry arises from multiple dimensions including individual factors, organizational factors, and systemic factors dynamically interconnected, with entrepreneurs, organizational leaders, management systems, and business value networks as key drivers of sustainability.

The findings reveal six interrelated factors influencing sustainable business performance.

1) **Leadership:** Adaptive leadership and intergenerational knowledge transfer were repeatedly emphasized. As one executive explained, “If leadership changes without passing on experience, the organization repeats the same mistakes.” Another executive explained, “Sustainability depends on leaders who learn continuously, not on fixed formulas.”

2) **Internal Organizational Systems:** Respondents stressed systematic learning from past failures. As one executive explained, “Problems from ten years ago should become today’s standards, not today’s problems.”

3) **Entrepreneurial Characteristics:** Entrepreneurs highlighted balanced risk-taking and innovation. A participant reflected, “We must think creatively, but always within what we can realistically manage.”

4) **Organizational Culture:** Collaborative cultures were seen as critical. One practitioner stated, “When people feel accepted, they give more than what is required by their job description.”

5) Supply Chain Integration: Informants emphasized information sharing across the chain. “Suppliers, factories, and customers survive together; none can work alone,” explained one entrepreneur.

6) Organizational Flexibility: Flexibility enabled timely adaptation. Rules guide us, but flexibility keeps us alive,” noted a senior manager.

A significant obstacle for the wood industry arises from the industry's "High Experience-Low Technology" nature, making it difficult for inexperienced personnel to work, while older experienced personnel who don't embrace learning new technologies and knowledge become limitations for business development. Therefore, integrating old generation knowledge with modern techniques in marketing, production, and management is an important approach for elevating sustainability.

Finally, considering all key factors—whether leadership, organizational culture, entrepreneur characteristics, flexibility, or supply chain integration—the factor considered most central is leadership adaptability, as leaders can choose strategies appropriate to situations, viewing various principles as tools to be applied appropriately to problems and situations occurring at each time. Organizations with well-adapting leaders thus have potential to drive all factors and create true sustainability.

DISCUSSION

The findings support and extend existing sustainability theories by demonstrating how leadership acts as a central integrating mechanism linking systems, culture, and supply chain relationships. In contrast to technology-driven models, sustainability in the Thai wood product industry emerges through learning-based adaptation and relational coordination.

RECOMMENDATIONS

1) Wood product organization executives should continuously develop leadership potential at all levels. Leadership continuity and knowledge transfer from one generation to another is the heart of sustainability. Executives should create mentoring systems, develop knowledge manuals, and establish internal experience exchange forums to enable systematic accumulated knowledge and experience succession, reducing recurring problems, because if leadership lacks continuity, organizations inevitably face increased business risks.

2) Organizations should develop modern internal management systems with continuous improvement. Operations and planning departments should participate in reviewing work processes to develop past mistakes or experiences into good work standards. Research findings reflect that the wood industry often faces recurring problems because systems aren't developed to align with changing situations. Establishing permanent system development working groups is therefore necessary, because when organizations have stable and adaptable systems, they reduce error costs and increase long-term competitive efficiency.

3) Establishments should develop entrepreneur and new generation personnel potential with innovation skills, risk assessment, and proactive thinking. Educational institutions, training agencies, and wood industry associations should collaborate to develop training programs integrating traditional experiential knowledge with modern technology. The wood industry is High Experience-Low Technology, where new generation entrepreneurs lack deep knowledge while old generation people lack innovation openness. Creating blended curricula is therefore an approach helping both generations develop together, reducing knowledge gaps and effectively strengthening business competitiveness.

4) Government and natural resource agencies should seriously support economic forest planting, wood certification standards, and carbon policies, including promoting Green Loans for wood industry entrepreneurs. If government supports policy and economic mechanisms, it will help entrepreneurs access sustainable raw materials, develop environmentally-friendly

products, and expand markets further, because current markets emphasize products addressing Planet and Carbon Footprint concerns more than ever.

5) Organizations should systematically promote supply chain integration. Procurement, warehousing, production, and sales departments must create real-time information exchange systems with suppliers and customers. Developing central data platforms and regular joint meetings helps all parties understand each other's needs and limitations, enabling risk management, cost reduction, and strong chain linkage strengthening, because when each party in the business chain grows together, system-wide sustainability occurs firmly.

LIMITATIONS AND FUTURE RESEARCH

This study is limited by its qualitative design and focus on Bangkok-based firms. Future research could employ quantitative or mixed methods, comparative regional analyses, or longitudinal designs to further validate and extend these findings.

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