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Multinational Corporation and Its Sustainable Engagement with Local Small Businesses:
A Case Study of Unilever Thailand

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Abstract

Once the boundary in global investment does no longer exist, a substantial number of multinational corporations (MNCs) seek for the lower-cost countries such as developing countries or emerging countries to be their production bases. It is undeniable to say that these recipient countries will benefit abundantly in several aspects namely: capital and technical knowledge, employment boost and economic development stimulation. However, the disadvantages that occur may not be worth the trade-off in a long run whether it is economic inflation, impact to the environment and disappearance of small-scale business. Hence, sustainable business approaches concerning every involved stakeholder is vital, some firms might view that adjusting entire activities in the value chain does increase the costs, but some realizes that aligning their practices with along Sustainable Development Goals is the only way to gain profit, and save people and the planet simultaneously.

Nevertheless, there are billions of poor people at the Base of the Pyramid (BoP) who are consumers and entrepreneurs especially in the developing countries. Part of the theorizers believes that producing products and service that respond to the grassroots turns out to be new opportunities for MNCs to develop new types of businesses; bring prosperity to the firms; enhance the poor by offering them knowledge and alternative solutions, shaping their aspirations and improving the accessibility of the products. On the other hand, the other part of the theorizers argued that this method does not only harm the poor since these people are vulnerable consumers, it also has less emphasis on legal, regulatory and social mechanisms. In a nutshell, nothing can guarantee that this approach will eventually take us closer to sustainability.

In our study, we have seen that there are some MNCs looking at the BoP market with different perspectives. For instance, the arrival of MNCs in term of modern trade business in Thailand caused a severe effect to traditional retail stores or ‘Mom & Pop’ stores’ in the country. Unilever is one of the MNCs that have a major engagement with local small businesses through their new business model which does not only alleviate Mom & Pop store owners to retrieve their businesses, but it also creates a win-win situation between Unilever and these owners concurrently, allowing them to be self-reliance and operate their businesses sustainability in the days to come.

The purpose of this master’s thesis is to understand and assess sustainable development theory, particularly in corporate social responsibility thinking in the BoP perspective based on sufficiency economy. Qualitative research and case study of Unilever Thailand were chosen as appropriate research methods to conduct this thesis.

Keywords: Sustainable Development, Corporate Social Responsibility, Base of the Pyramid, Sufficiency Economy, Mom & Pop Stores, Multinational Corporations.

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1 Mom & Pop (adj.) is used to describe a small business that is owned and operated by members of the same family (Cambridge 2017)
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Secondly, we are so thankful to Miss X, Sales Executive at Unilever Thai Trading who participated in the interview period and provided us with insight information about ‘Ran-Tid-Dow’, a novel business model under the umbrella of Unilever Sustainable Living Plan. We also would like to thank Miss Y, Marketing and Sales Operating – Supply Planner at Unilever Thai Trading who provided us the information regarding the engagement between Unilever employees and Mom & Pop stores’ owners, including Miss Jutatip Cheawchan and Miss Varamon Janphaijit as our group’s representatives, conducting the interview of Mom & Pop stores in Thailand. More importantly, we offer our special thanks to Mom & Pop stores owners A and B who contributed plentiful stories about Mom & Pop stores’ situation in Thailand, as well as different stores (e.g. Preawpanich, Chanapa, Jirayu, Hiaku, Nongnon-Tonkao, and Panom stores) for allowing us to publish the photos for the better understanding in Mom & Pop stores’ features.

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Romeo Gaiga
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2 ‘Ran-Tid-Dow’ or ‘Star Store’ is a new business model under the umbrella of Unilever Sustainable Living Plan that helps traditional Thai retail stores or Mom & Pop stores from a massive flood in Thailand and develops to be a partnership with these local small businesses, offering them to operate sustainable business (Unilever 2017d)
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List of Abbreviations

- BOI: The Board of Investment of Thailand
- BoP: Base of the Pyramid
- CSR: Corporate Social Responsibility
- FDI: Foreign Direct Investment
- FMCG: Fast-Moving Consumer Goods
- GDP: Gross Domestic Product
- GNP: Gross National Product
- ILO: International Labor Organization
- MNCs: Multinational Corporations
- OECD: Organization for Economic Co-operation and Development
- ROI: Return on Investment
- SCG: Siam Cement Group
- SDGs: Sustainable Development Goals
- TBL: Triple Bottom Line
- TDRRI: Thailand Development Research Institute
- UNCTAD: The United Nations Conference on Trade and Development
- UNDP: The United Nations Development Program
- USLP: Unilever Sustainable Living Plans
Chapter 1: Introduction

Prosperity in Sciences, technology and innovation development navigated our world into the era of industrial revolution which enhanced the convenience for human-beings, quality of life, and long haul economic development (Sachs 2015). Several categories of businesses have flourished globally causing a rapid growth of the world’s economy. Apparently, many countries have attempted to be the topflight by raising the economic indicators such as Gross domestic product (GDP) and Gross national product (GNP) instead. Nevertheless, these popular indexes are the primary economic performance indicators between the worldwide nations. The well-being of humanities is not able to be measured by the previously mentioned tools at all (Stiglitz 2009).

The social and economic changes have transformed a stable agricultural and commercial society to a modern industrial society instead, particularly in developing countries. Urbanism and industrial estates have emerged. However, civilization is only bunched together in big cities while the huge gap between rich and poor tends to keep growing (Keeley 2015). Not to mention about the impacts from the enlargement in the industrial sector namely: environmental degradation, pollution, global warming, climate changes, up to human rights issues and the signs of eradicating these problems have not appeared yet (Sachs 2015).

In addition, the globalization phenomenon also plays a vital part of the global economy by converging economic interconnections among the different countries together. Trade and investment liberalization have urged the scale and degree of cooperation in the world’s economic interactions; numerous of multinational corporations (MNCs) have become succeeded in establishing their production base in the developing countries (Kang & Shouzhen 2003). It is undeniable to say that MNCs bring several of positive aspects to the host countries. For instance, they generate financial and technological superiority, expand market territory, creates employment opportunities, minimizes cost of production, and so on (Kastrati 2013).

On the contrary, investment liberalization from MNCs can be a double-edged sword. In the pursuit of profit, they hardly consider about the pollution that they release or the non-renewable resources that they use which put the environment of the host country under the threat (Mabey & McNally 1999). Some of them were criticized for exploiting the local workforce and treating the labor unfairly (Tirimba & Macharia 2014). More importantly, the powerful MNCs can use their economies of scale to push the local businesses out of the market (Rugraff & Hansen 2011).

In developing countries, a good number of the population typically depend on informal economy for their subsistence (Blades et al. 2011), yet once MNCs have crawled slowly to be the market dominance, those people who make a living under the informal channels such as owners of small businesses, workers in local firms, and the independent workers who are at the base of the pyramid (BoP) were affected and not able to survive eventually (Swangthong 2012). As the awareness among every type of stakeholder has increased, some MNCs have endeavored severely to adapt themselves to be in harmony with the host countries by considering about the different impacts from their businesses; adapting their
operations to become greener; being responsible for the environment; and engaging with people in the society (Baharin et al. 2012). To put it briefly, these are the positive signs for our world that at least sustainable development has become a key factor of the global firms, connecting with customers, different social groups, NGOs, and public authorities together in order to maintain our planet from which we use equivalently 1.5 times of its resources to be sufficient and sustainable for the next generation (Isaksson et al. 2014).

In this study, we are particularly interested in how the MNCs engage with people in the informal economy, especially the local small businesses in developing countries, including obstacles they have to face in sustainable practice implementation. We, therefore, selected to explore through the case of Unilever, a global Fast-Moving Consumer Goods (FMCG)\(^3\) company that is prominent in sustainable living plan in the developing countries over the decades we will investigate how Unilever can work under the win-win situation with people in the BoP market.

### 1.1. Research Background & Problematization

Although the world passed the significant economic and social transformation from the World War II to globalization era; two-thirds of the global population still consists of billions of the poorest people (Sachs 2015). There was a belief that the poor or people at the base of the pyramid (BoP) do not have sufficient purchasing power to be ‘customers’, but the trend has changed since Prahalad & Hart (2002) presented the notion regarding these people a prodigious opportunity for the MNCs who seek for the fortune in low-income markets and lifting them out of poverty and desperation.

However, Karnani (2009) disagreed over aspiring the poor from those world’s wealthiest companies. Being responsible could be just an illusion, most of the companies fundamentally attach to their self-interest and Corporate Social Responsibility (CSR) activities, those actions which help to present firms as concerned about the environment, society and not solely profit are rather done for business images, whereas there is no sign of real aim towards sustainability inhibiting social and environmental issues.

There are numerous of researches focusing on sustainable development which also connect to the execution of sustainable acts in developing countries and people in the BoP market, the studies that are valuable to be further investigated and related to our ground theories such as the researches from Sebhatu (2008) and Handunyaphan & Khompat (2011).

Sebhatu (2008) had mainly contributed his study to the challenges and opportunities of creating sustainably shared value at the base of the pyramid, focusing on the cases of smallholder farmers in sub-Saharan Africa. His work reflected that win-win situations can be created between BoP and other related actors by empowering the small scaled farmer to produce sustainable products, such as organic farming and accessing the growing niche market of the ecological products without the exploitation of society, economy, as well as environment.

\(^3\) Fast-moving consumer goods (FMCG) are products that are sold quickly and at relatively low cost. Examples include non-durable goods such as food and beverage, household and personal care and many other consumables (Majumdar 2004).
According to the study of Handunyaphan & Khompat (2011) in the topic of ‘Possibility of Sustainable Concept in Developing Country’, they examined the barriers of sustainable development implementation in developing countries by illustrating the case study of Siam Cement Group (SCG). The company has applied sustainable concept successfully, despite Thai economic pressure and capitalism.

The exploration of Sebhatu (2008) inspired us to extend our study into the BoP in the different types of business which also enables us to look through the new sustainable shared value between Unilever and local small businesses like Mom & Pop stores in Thailand, and to probe how the company can strategize their sustainable way of working with those owners to build a long term positive outcome for both actors.

Concerning the work of Handunyaphan & Khompat (2011), we contemplated that seeing the developing countries as a whole is too broaden; the environment, policies, as well as the internal and external factors of each country are distinct. Thus, we would like to designate the barriers of implementing sustainable acts based on MNCs in Thailand only. Even though they put the implications of sustainable concepts as a supply side, their analysis results can be branched out and guided us to discover further on the demand side.

The research of Sebhatu (2008) and the current BoP thinking is indicating a new process of engagement with people at the BoP which is not just ‘selling to the poor’ (BoP 1.0) (Prahalad & Hart 2002), but it is to develop and to ‘co-create products and value propositions’ with underserved communities in an environmentally sustainable way (BoP 2.0) (Hart et al. 2008). More importantly, the trends incline to leapfrog from the transition of co-creation to ‘open innovation’ of products and service between the firms and the BoP market which can enhance BoP businesses to progress to the next level (BoP 3.0), a level at which they are arguing for an integrated model and next practices (Cañeque & Hart 2015).

However, a research gap is emanating from this literature since we are trying to explore the innovation and suitable model in emerging economies which could be empirically tested. The concept of Base of the Pyramid is quite recent, especially for the case of BoP 3.0 in the new innovative business model centered on the co-creation of win-win situations with the poor, we have discovered that there were only a few works that had been done, creating a research gap in the literature, particularly for the demand side showing the needs for more information regarding this subject.

Additionally, the researches regarding sustainable development and Corporate Social Responsibility have substantially increased over the recent years, but this thesis intends to analyze deeper. A few of them have attempted to connect it to the BoP and innovation as an embedded vision, it would be more interesting to push it further and associate it with the concept of sufficiency economy properly to Thai culture. Consequently, it urges us to find out more how a company like Unilever can actually create a business model connected to the small business entrepreneurs at the BoP in accordance to CSR practices, sustainability, sufficiency economy and social innovation.
1.2. Purpose of the Thesis

The main aim of this thesis is to understand and assess sustainable development, particularly in Corporate Social Responsibility thinking in the BoP perspective based on sufficiency economy. The objective of the study is focusing on the implementation of sustainable business practices of MNCs by exploring the use of innovative models engaging with small local businesses and its community based on the case of Thailand.

1.3. Research Question

RQ1: How CSR thinking can impact the BoP perspectives of sustainable business practices embedded in sufficiency economy?

RQ2: How do businesses implement their sustainable approaches of CSR practices to engage with small local businesses in the emerging countries.

RQ3: What are the challenges that multinational corporations should overcome in order to develop a sustainable model that engages with the local community in Thailand?

1.4. Thesis Structure

Chapter 1 presents a general overview, background information, as well as important key points that have major implications for our research. Moreover, it also indicates the research problematization which leads to the purpose and research questions of the thesis.

Chapter 2, the theoretical framework is described in 4 important concepts that are relate to our study: sustainable development, Corporate Social Responsibility (CSR) integrated with Base of the Pyramid, informal economy, and social innovation. Additionally, barriers towards achieving sustainable development in Thailand is also illustrated.

Chapter 3, we discuss the research methodology that is utilized to conduct our research which also reflects on the pros & cons of the method we used. We provided information regarding our case study design and how we collected and analyzed the data. At the end of the chapter, the trustworthiness and credibility are also criticized.

Chapter 4 presents the empirical part of this thesis. We provided general information regarding our case study namely: Unilever background, Mom & Pop stores as a traditional retail stores with Thai way of life, and ‘Ran-Tid-Dow’ or Unilever Platinum Store as new sustainable engagement with Thai local small businesses.

Chapter 5, we discuss about the results of our research by analyzing the theoretical framework and the empirical study, then we reflected to the answers to the research questions.

Chapter 6, for the final chapter, we draw the conclusion of the research by summarizing the findings and the answers of our research questions. Furthermore, we contribute managerial and social implications of the study, as well as the recommendation for future research.
Chapter 2: Theoretical Framework

In this chapter, we represent the theoretical background from the different literatures in order to explain and describe the relation between our problems and grounded theories. The principal idea is regarding the sustainable development in terms of Corporate Social Responsibility (CSR) and the Base of the Pyramid (BoP). For the next perspective of theories: Informal Economy, Social Innovation and barrier towards achieving sustainable development in Thailand are also illustrated.

2.1. Sustainable Development

‘Profits’, without a doubt, it is the primary goal that most of the enterprises pursuit. But how will our planet pace if the enterprises are headstrong, consider only their interests and leave each fragment of the value chain behind? Certainly, the objective of gaining can be accomplished, but in the long run it is going to be a no-win situation where the resources will be used up; advantages will be taken from stakeholders; environment will be deteriorated through the destruction of the ecosystems; poverty will increase; no new value creation and innovation are created; the journey of the world may come to an end (Sachs 2015).

It is not surprising that sustainable development will be one of the most powerful topic and a central challenge for the business sector since it influences us to be responsible with actions from three different key areas: economy, environment and society. Brundtland Report from The World Commission on Environment and Development (1987, pp.43) specified its most well-known meaning as “Sustainable Development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Nevertheless, this context still lacks of economic and social concepts which are also crucial to consider about sustainability (Raine et al. 2015).

According to Newton (2003), sustainability is reached when a social structure can be maintained profitably and indefinitely without degrading the systems it depends on, as the profitable aspect that can survive on a long-term basis without destroying the resources it consumes. The concentration only economic view is obsolete, companies also have to be mindful about their surroundings. Since the world is this globalized, it drives them towards a transformation of their usual practices, and the consideration that they also have to be responsible for the sake of our planet (Sebhatu 2010).

2.2. Corporate Social Responsibility (CSR)

The concept of CSR started to be recognized around the 80s, where sustainable development also began to gain visibility throughout the business world (Milne & Gray 2013). Many companies have started to move forward in order to respond to the demand from different stakeholders, or even stockholders that would expect businesses to invest in advancing the society and being socially responsible (ibid).

Sebhatu (2010, pp.44) described the definition of CSR as “the concept that an organization is accountable for creating economic benefits for its shareholders and is responsible for its impact on all relevant stakeholders, ecology and future generations”. In other words, shareholders are supposed to be satisfied, but the organization has to be responsible for their decisions and repercussions; for
the stakeholder, society and environment, they all have to be considered as a whole, not as separated matters.

Some authors argued that multinational corporations are responsible for the future of the countries where they are investing and extending their businesses. They also mentioned that the wealth enterprises are supposed to solve more challenging issues (Juelin & Dima 2016). CSR is a strategic topic for in the emerging countries, because they have not been completely adapted to it (Rosolen & Maclennan 2016). To illustrate, MNCs still need to gather information about the local culture, working condition, as well as overcoming the infrastructure gap which could influence them to work with a different technology. Therefore, companies may be able to find a certain advantage in creating shared values with the local businesses in order to implement themselves while reducing the poverty level of these small owners at the same time (Juelin & Dima 2016).

The sustainable movement of MNCs will result as decent examples for the host countries and to the one world we are living in (Elkington 1999). As a matter of fact, there is a shift inside companies which considers that CSR can be applied in a way to ‘do good’ for the society using various concepts such as the Triple Bottom Line (TBL) (ibid).

In addition, Elkington (1999) stated that ‘Triple Bottom Line’ will also become an important driver of sustainability for the companies; they have to switch their focuses from economic growth and quantity to be balance between the mentioned three key areas: people, planet and profit. The idea behind this statement is that businesses should be able to create profits for the shareholders while protecting the environment and society in which they operate and any factors that involved simultaneously.

It is important to note that sustainable thinking is not only trying to be ‘good enough’ but it is more about considering that it is feasible to work in a structure which can be preserved endlessly (Elkington 1999). Indeed, the core notion behind sustainable development is that our future generations does not have to be agitated about the resources they are going to use tomorrow; we just have to be certain that they will easily be able to continue to live without being restricted to their basic needs. In short, it is a reason why taking these three main components of the TBL into consideration can certainly encourage us go towards the objective (Svensson et al. 2016).

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<thead>
<tr>
<th>ENVIRONMENTAL</th>
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<td>- Climate change and Global Warming</td>
<td>- Cost Reduction</td>
<td>- Organizational Support</td>
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<td>- Multitude of Initiatives</td>
<td>- Competitiveness</td>
<td>- Corporate Culture</td>
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<td>- Product/Process Decarbonizing</td>
<td>- Brand Value</td>
<td>- Corporate Reputation</td>
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<td>- Product/Process Dematerialization (Efficiency Program)</td>
<td>- Spin-Offs (Trade-Offs) (Finance)</td>
<td>- Commitment and Dedication</td>
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**Figure 1: Triple Bottom Line Dominant Framework for Sustainable Businesses**

(Svensson et al. 2016, p. 183)
Even if the Triple Bottom Line stays as a relatively significant framework, various authors have recently started to suggest that we actually have to go ‘beyond’ it. It is not only about trying to find harmony between the three components but we have to recognize that they all are part of the same structure and every of them is embedded together in an integrated way (Hassini et al. 2012).

2.2.1. Base of the Pyramid (BoP)

In a world where multinational corporations are reaching a saturated situation in the developed countries, there is an alternative in order to keep their growth soaring. This solution is to develop themselves and invest in developing countries or emerging countries which mostly are considered as Base of the Pyramid (BoP) (Fawcett & Waller 2015).

According to Prahalad & Hart (2002), the Base of the Pyramid (BoP) encompassed the world’s 4 billion poorest people who live with less than 2 dollar a day. The main belief of the authors is that companies should forget the previous idea regarding those impoverished people and start to acknowledge them as real partners. Indeed, MNCs, Government agencies, NGOs, consumers, entrepreneurs and so on should work together as a homogeneous entity in order to create innovative solutions in pursuance of win-win situations and the reduction of poverty while making profits.

Prahalad & Hart (2002) explained that the BoP is an unexploited market appealing for disruptive business model where MNCs can find new opportunities and challenges because of the small purchasing power these people can have. Besides, Hart (2005) illustrated in his book, disruptive technologies are the key element of BoP, they are easily malleable, offer a lot of advantages and provide a solution that is competing against almost nothing.

However, Karnani (2009) one of the authors who argued against this view of the Base of the Pyramid by calling it as a ‘mirage’, he denies the fact that the BoP is a huge market where companies can easily make money. He claimed that the market is actually 40 times lower than the expected 15 trillion dollar expressed by Prahalad & Hart (2002). Moreover, if the firms are eager to succeed, they should reduce their prices without sacrificing the quality, but this is extremely arduous and it is not technically feasible to create a situation where enterprises have to offer a product or service somewhat acceptable for the poor by lowering the quality by any means.

On the one hand, we have Prahalad & Hart (2002) who viewed most of the poor as creative people who are used to make the most of just a few things and who understand the necessity of paying attention to the value of what they buy. On the other hand, we have Karnani (2009) who refused this belief of the poor as ‘value-conscious consumers’ and argues with empirical evidences to prove that they lack of judgment and regularly spend money for non-priority items such as alcohol or tobacco, whereas they could purchase useful products which can be linked to the fact that most of them are illiterate and absence of education.

Karnani (2009) argued that we should dismiss this idealistic view of the underprivileged and endeavor for better laws and social systems to protect those poor people who can easily be influenced as consumers at the BoP. The recent work of Hart (2005) admitted that most
MNCs that tried to develop themselves at the BoP either failed or did not accomplish with great results because they still have not caught the essence of the BoP market yet.

Nonetheless, the situation is not hopeless, but it requires a better understanding of various elements affecting those poor. The first and prevailing BoP 1.0 approach was more about adapting products, reducing prices and increasing the distribution, even if the firms knew how to do it in theory, they did not figure out the real needs of those consumers. Next, the BoP 2.0 started to recognize these people as real collaborators with whom they could design innovative and sustainable solutions tailored for their usage (Hart 2005).

Unfortunately, the BoP 2.0 model does not seem go far enough, MNCs need to grind towards the 3.0 version if we want it to become efficient (Cañque & Hart 2015). For instance, MNCs have to look beyond and establish a business model that works as a huge ecosystem which includes many stakeholders, they had better focus on ‘open innovation’ instead of ‘co-creation’ in order to discover disruptive theories, and more importantly Prahalad’s vision should be reshaped to eradicate poverty through profits into a concept that could combine the triple bottom line and sustainable development together (ibid). In fact, companies that strives for the 3.0 Version of BoP have to find the right combination of CSR, new innovations suitable for the BoP and tune them to the characteristics of the country they are interested in, as for instance the informal economy in Thailand.

2.3. Informal Economy

It is undeniable to say that a critical segment of the population in developing countries usually depend on informal economy for their livelihood. They obtain their earnings from subsistence agriculture or from running unincorporated businesses. As we can see, there are plenty of vendors in the markets or even in the street kiosks; personal servicers or even the rickshaw drivers and etc. These examples are people who are employed under the informal sectors. Even though the biggest portion of the GDP might be generated through the formal economy, most of the people in the developing countries still have to survive among the informal one (Blades et al. 2011).

According to the study of Chen (2012), the informal economy has been engaged with a lot of interests after it was discovered in the early 1970s. The informal economy has grown continuously. Many of the workers in the global production system are informally employed, half of the workforce in the developing countries is at least from 50% up to 90% employed under the informal market. Hence, several sectors are giving precedence to rethink about this informal economy’s issue.

In spite of the trends of the recent informal sector extension, the size, performance and motivation of the informal market have been interesting factors for several countries, particularly it is apparent to see that this type of market provides the sustenance and employment for more than half of the people in those countries (Benjamin et al. 2014). Informal economy is not able to be considered as a transient phenomenon, as it is obvious that informal economy has essential jobs and powerful income generation. Besides, it also helps the poor consumers to meet their needs since it provides approachable and low-priced goods and services (Becker 2014).
In general, the informal economy can be described as the unofficial cluster of the market economy that generates goods and services for sale or for other forms of remuneration. Furthermore, the term informal economy can also refer to entire economic activities in which workers and economic units are not covered by law in practice and without formal arrangements (Becker 2004). It is also suggested that the following criteria can generally be characterized as the informal economy. For instance, the terms of capital and professional qualifications have low entry requirements; operations are in a small scale; skills are necessarily acquired from the outside of formal education; labor-intensive methods are part of production and technology (ibid).

2.4. Social Innovation

‘Innovation’, once this word popped up, we usually think about inventions, innovative ideas or modern gadgets launching in the market at a period of time. Of course, in a business world, ‘Technological Innovation’ is recognized as the main drivers for the enterprises to proceed their research and development tasks in order to respond to customers’ unlimited needs, as well as ‘Business Innovation’ which is a novel organization's process for introducing new ideas, workflows management, and methodologies for creating products or services (Mulgan et al. 2007). But are these two types of innovations sufficient to resolve the urgent global problems in terms of economy, society, environment, and welfare? Thus, the new ‘Social Innovation’ has recently been brought in as a new solution to combat social issues that is more effective, efficient, sustainable and better than the solutions that the world has. The value that social innovation creates primarily contributes to society rather than to the private organizations or individuals (Phills et al. 2008).

Mulgan et al. (2007) simply defined the context of ‘Social Innovation’ as ‘new ideas that work’ which could be exemplified as:

“Innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organizations whose primary purposes are social”

(Mulgan et al. 2007, pp.8)

In fact, any incremental or radical innovations including services, business models, platforms, markets, processes etc. that simultaneously converge social needs by being more effective than the current solutions, resulting in social improvement and efficient resource consumptions can be counted as social improvements, as long as they affect our society positively and enhance society’s capacity to act. (Murray et al. 2010)

Nonetheless, the concept of social innovation is still unclear to the society and forsaken by the society. If the business sector continually leaves the social innovation behind, the hazard that pressing social problems will eventually become worse; the hot issues like climate change and poverty will dramatically restrain the economic growth, the cost of operating businesses will increase accordingly while their effectiveness stagnates (Mulgan et al. 2007).

At last, ‘systemic change’ is the ultimate goal of social innovation, and it will never be achieved by a one man show; the complex interactions between culture, business practices, consumer behavior, legislation, and public policy are usually involved. More importantly, changing people’s attitudes and behaviors cannot be done in a short time; it requires
cooperation, time, and probably some incentives to establish a new model that could become the social norm in the future (Murray et al. 2010). Although, we are in the middle of this shift and there the journey ahead remains pretty long, systemic changes will eventually bring more opportunities for the innovation in products, services, and systems with the congruity of the cross section such as institutions, public and private actors involving in any systemic change (Caulier-Grice et al. 2012).

2.5. Barriers Towards Achieving Sustainable Development in Thailand

Achavanuntakul (2016) analyzed that Thai society is a religious Buddhist community; many of Thais always join religious activities of the community, make merits, and are kind hearted, but most of the people are using the morals and ethics based on an individual basis which considers only personal retribution. Hence, it is challenging for Thai society to step over the individual morals, and switch to public morals for the common interest. She underlined the three important factors that can produce a cultural shift in Thailand towards sustainable development: strong democratic governance, radical corporate transparency, and adapting the social value and social ethics to be in accordance with ‘internal ethics’ which are social development goals nowadays.

PricewaterhouseCoopers (2017) mentioned that Thai public authorities, businesses, and people still lack of cooperation in understanding the global phenomenon from climate changes to human rights issues. Aside from that, most of Thais need to be instilled with technical skills, soft skills, critical thinking, and positive attitudes in order to resolve the problems regarding unsustainability. The awareness and each aspect of the development need to be inculcated in every part of the Thai society.

2.5.1. The Policy in Thailand Does Not Engage with Small Retailers

During 1997-2002, several multinational corporations saw the opportunity to invest in modern trade business in Thailand; number of hypermarkets and convenient stores rose rapidly. The foreign entrepreneurs strategized their businesses by selling at lower prices and creating convenient shopping lifestyle for their customers. Nevertheless, this phenomenon had a negative influence on Thai traditional retailers, because their market share proportions were taken; number of customers dropped significantly; wholesalers were also eliminated from the cycle; suppliers obtained less profit due to higher bargaining power from these modern trades (Swangthong 2012).

After a serious foreign modern trade antagonism from the public, Thai government and other business support agencies strived to find effective and impartial solutions for every related sector. For instance, the proposed ‘Retailed Trade Act’ has been initiated since 2002 with the objective of governing large modern trades in terms of locations, opening hours, employment, investment and profits (Cheungsuvadee 2006). Furthermore, additional aspects such as environmental management, facilitate service users are covered as well. On the other hand, small retailers and wholesalers will also be supported through the upgrading administration and financial management, allowing them to survive among the economic and local environment (ibid).
However, after a decade, the complete version of Retailed Trade Act still does not have any sign of enforcement. The attempt to push the laws forward in order to control these modern trades has encountered difficulties and resistance from the international modern trade entrepreneurs through political process. Thailand Development Research Institute (2011) revealed that these groups of businessmen put a lot of effort to lobby in order to revise the essence of law, up until trying to eradicate the proposed Retailed Trade Act which could be reflected from the request of withdrawing the act in the consideration of cabinets in the past.

In addition, the available laws allow these modern trade owners to find some loopholes in order to seek for an investment. Sabae (2007) explained that Town and City Planning Act of Thailand clearly indicates the precise size of how large hypermarkets should be constructed. However, the owners have made an adjustment to their type of stores by building them slightly smaller and locating them in the community where it is not an identical area as big hypermarkets are placed. Therefore, the authorities have to admit it unarguably which means they are unable to control the number of these types of modern trade at all and they will be continuously growing non-stop, unless there will be an amendment in the law.

Lastly, even though there is a legal code saying that provincial administrative of each province must consider the communities’ opinions before allowing the new modern trade operating in the area; it is still impossible to know how clearly the authorities did receive the opinions from the people, how many people are involved in the vote and How to know if the authorities’ decisions are exact as what the communities expect? It shows that a gap allowing the authorities to abuse of their power still exists (Sabae 2007).

### 2.5.2. Sustainability and Sufficiency Economy

In fact, Thailand originally had an agriculture-based economy, and his majesty the king of Thailand, Bhumibol Adulyadej always took a close look at the agricultural sector and became aware of what his people lacked of then established a rural development plan. He also instituted many royal projects in order to decrease the impoverishment and teach his people how to live, work and earn sustainably based on their conditions and their abilities (United Nations 2017).

The major shift of Thai economic structure happened during the 1950s – 1970s, as the GDP of the country was accelerated through exports (Oxford Business Group 2016); from 1985 to 1996, the economy grew over 9% annually at an average which was the highest economic growth rate of any country at that time (Phongpaichit 1996). Thailand was considered a key role in the second wave of the ‘East Asian Miracle’ (World Bank 1993) and the ‘Fifth Tiger’ after Hong Kong, Singapore, South Korea and Taiwan which underwent rapid industrialization and accounted for significant high growth rates (Muscat 1994). However, such a rapid economic expansion without considering about foreign debt controlling, economic bubble finally happened (Phongpaichit 1996).

After the most severe economic crises ever experienced by the country, the particular part of the King’s speech became most frequently spoken of.
‘Recently, so many projects have been implemented, so many factories have been built, that it was thought Thailand would become a little tiger, and then a big tiger. People were crazy about becoming a tiger… Being a tiger is not important. The important thing for us is to have a sufficient economy.”

A sufficient economy means to have enough to support ourselves… It doesn’t have to be complete, not even half, perhaps just a quarter, then we can survive… Those who like modern economics may not appreciate this. But we have to take a careful step backwards.

(King Bhumibol Adulyadej; cited in UNDP 2007, pp.20)

According to National Economic and Social Development Board of Thailand (NEDB) (2007), Sufficiency Economy is a philosophy bestowed by the king to Thai people over the past three decades. The philosophy can be described as a guidance on conducting a life in several perspectives, especially in leading his people to more resilience and sustainability in order to be able to meet emerging challenges such as globalization.

Sufficiency consisted of three overlapped components: moderation; reasonableness; and self-immunity which is the need for built-in resilience to prevent the risks arising from internal and external change (UNDP 2007). In order to use the Sufficiency Economy theory effectively, every stage requires appropriate ‘knowledge’ which will lead to good judgement and prudence. Likewise, ‘personal ethics’, as long as everyone in the nation carries principle of honesty and integrity in mind; it will strengthen the moral fiber of the nation eventually (NEDB 2007).

Both knowledge and integrity conditions will result in the progress of economy, society, environment, and culture in a harmonious, secure, and sustainable way. Thus, humanities are able to cope with critical challenges arising from rapid socioeconomic, environmental, and cultural changes eventually (The Office of the National Research Council of Thailand 2003).

Figure 2: Sufficiency Economy and Globalization (UNDP 2007, pp.30)
The barrier can be seen here is since Thailand is predominantly an agricultural producing country ‘farming’ is usually mentioned in the king’s speech in order to allow the majority to understand the big picture. Unfortunately, other groups of Thais choose to be misconceived and perceive that this philosophy is only for ‘farmers’. Hewison (1999) had a criticism about the idea of Sufficiency Economy that it is for the poor, to make them be satisfied with their poorness and to keep the poor in their place. He claimed that Sufficiency Economy is not understandable and it has many vague interpretations.

However, NEDB (2007) argued that if we catch the King’s speech carefully, Sufficiency Economy is for people from all walks of life, whether they be farmers, businessmen, government authorities, and everyone, as long as they allow themselves to be guided by.

“About this, I have often said that a self-sufficient economy does not mean that each family must produce its own food, weave and sew its own clothes. This is going too far, but I mean that each village or each district must have relative self-sufficiency. Things that are produced in surplus can be sold, but should be sold in the same region, not too far so that the transportation cost is minimized.”

(King Bhumibol Adulyadej; cited in UNDP 2007, p.29)

2.6. Summary of Conceptual and Theoretical Framework

In the former times, some private organizations and clients might believe that sharing their time or money to the charities and nonprofits are just enough for being called that they are a part of CSR activities; as a matter of fact, CSR covers what affects the environment, consumers, human rights, supply-chain, sustainability and transparency for the greater good of the planet at large (Rosolen & Maclennan 2016).

If we look at the BoP perspective related to CSR thinking, most of the MNCs penetrated to BoP market in order to let the poor reach the products in the affordable price; MNCs strived to recognize them as resilient and creative entrepreneurs and value-conscious consumers (Prahalad & Hart 2002). However, this perspective has been shifted from focusing only on the customers to encouraging them to have business knowledge, be a part of the management, as well as allowing them to gather and exchange creative ideas and experiences which can help establish a new business model to the organizations and to the strengthen the market simultaneously (Hart 2005).

We can see that profit does not always have to come from sales solely, but by working together; sharing the ideas; and offering the opportunities could be the invisible hands that creates win-win situation which can be in accordance with the concept of Sufficiency Economy. If the MNCs operate their businesses by reducing the desire of maximized gain, aiming for moderate profit, then it should be called sufficiency. Corporate Social Responsibility can be treated as a surplus for the organizations, in the aspects of time; knowledge; wisdom; loving kindness; generosity; and capital (Thailand Development Research Institute 2011). The more surplus the company have, the more the company can give to the society, and eventually the happiness could be found. The more the companies give, the stronger they will be since all the surplus above is going to be more advanced. In a nutshell, CSR is not just the way to ‘do good things’ to the society, but it will also implicate every involvement to become stronger with more happiness or satisfaction in life (ibid).
Chapter 3: Research Methodology

In this chapter, we briefly explain how the methodological approach of our study is executed, how the data have been collected and analyzed, what are pros and cons of the method we used, as well as the limitations we stumbled across through the entire processes.

3.1. Qualitative Methodology

Qualitative research is a type of research focusing on the analysis of data which is non-quantitative or cannot be explained by numbers (Adams 2007). The data analyzed in those experimentations can come from various kinds of sources: textual materials such as interview transcripts, fieldnotes, documents, and/or visual materials such as artifacts, photographs, video recordings and Internet sites (Saldana 2011).

Qualitative method helped us to understand better in social relations, other cultures and what is related to the people in general (Adams 2007). The advantage of qualitative research is efficient for creating theories rather than testing existing ones (Reinecke et al. 2016), which is particularly interesting when we are addressing the questions about novel topics such as sustainability and the introduction of new innovative business model in emerging countries where there is not a lot of current information available.

Furthermore, business ethics, sustainable development, BoP concept and other related subjects are constantly evolving, as more and more companies start to investigate in those areas, therefore qualitative analysis can become very powerful for researchers to understand current situations (Reinecke et al. 2016). However, downsides of qualitative research also exist, it is possible to encounter an incident where lavish data are gathered which would be difficult to analyze (Bryman & Bell 2007), as well as the research quality which is heavily dependent on an individual researcher’s skill and easily influenced by personal biases and peculiarity (Anderson 2010).

In this thesis, qualitative method was employed by conducting the research which is followed by the case study of Unilever Thailand.

3.2. Case Study Design

For our thesis, case study has been employed as a valid research tool in order to retain the holistic characteristics of the information we are focusing on, while empirical events are also investigated. Case study method enables us to examine the data of a specific circumstance and explore the real-life phenomenon through the comprehensive analysis of events or conditions and help us to explain the complication of the situations which may not be inquired from experimental or survey research. (Zainal 2007).

According to Yin (1984, pp.23) defines the characteristic of case study research method as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.” In other word, a natural phenomenon existing in a set of data can also be observed.
in a unique way as a limited geographical area or subject of interest which is investigated
detailly (Zainal 2007).

However, one-size-fits-all research methodology may not exist. There are some
criticisms about using case study in a qualitative research. Schell (1992) argued that a single
case delineation is difficult to be generalized to other situations, especially when there are few
cases of a critical phenomenon which have only little delineation. Besides, it is not always
easy to access the insight information of an organization which can also come with bias due
to the internal process.

We selected Unilever, a multinational fast-moving consumer goods company as our case
study related to small business owner in Thailand. Unilever has been occupying the highest
share of sales in emerging markets (Boyle 2013), the company has notably applied sustainable
practices in the developing countries through well-founded Unilever Sustainable Living Plans
(USLP) for health, environment, and livelihoods for over a decade, including its type of
business that is familiarly involved with daily life of consumers. We believe that Unilever has
several prominent points for us to discover more; particularly in a developing country that
unusual incidents regarding economy, social, cultures, etc. that usually unexpectedly occur.

Data about the Unilever and the local small businesses have been collected through different
sources in order to avoid the obstacles from using a single case study, causing the difficulties
in generalizing conclusion which can be found from the next topic.

3.3. Data Collection

3.3.1. Primary data

Primary data is usually collected for the specific purpose by using the procedures that fit with
the research problem (Hox & Boije 2005). The strong points of primary data are the fact that
it is collected specifically for the particular research project at hand (Ghauri & Gronhaug
2005), and it also yields the detailed set of data which will enhance the reliability and the
scope of result (Saunders et al. 2009). On the other hand, limitations associated the primary
data are about time and money consuming, including the difficulties in applying the right
tools and accessing to the appropriate target group (Ghauri & Gronhaug 2005).

For our primary data, we conducted semi-structured interviews$^4$ with 2 target groups:
‘group A’, consisting of 2 Unilever employees; ‘group B’, consisting of 2 Mom & Pop stores’
owners; we also did an ‘observation’ of Mom & Pop stores through photographs as the
following section will explain more in detail.

A) Group A: Unilever Employees

- Miss X: Sales Executive at Unilever Thai Trading:

We asked for a permission to conduct the interview with Miss X, as her career position has
the closest relation with local small businesses who are also Unilever’s main customers.
Because of the distance between the interviewee and our group, the interview was conducted

$^4$ Interview questions are in appendix.
in English through telephone on 16th April 2017. Most of the questions were about the procedures of sales at Unilever, Mom & Pop stores in Thailand, Ran-Tid-Dow project; the entire conversation lasted around 35 minutes.

- Miss Y: Marketing & Sales Operating – Supply Planner at Unilever Thai Trading:

Miss Y provided us information regarding the participation in field activities between Unilever employees and Mom & Pop stores. We would like to present that even though Unilever employees are from different divisions, the company still encourages them to take part in field retailing activities. The questions were mainly about her experience, opinions and the usefulness of such activities. The interview was conducted in English through a phone call on 19th April 2017 which lasted around 25 minutes.

B) Group B: Mom & Pop Stores’ Owners A & B

Since we were unable to conduct the interview of Mom & Pop stores’ owners in Thailand by ourselves, we employed our group’s representatives: Miss Jutatip Cheawchan and Miss Varamon Janphaijit to perform it for us. The interview questions were majorly about the impact of modern trade, features of Mom & Pop stores and their operation, sales function, impact from modern trade such as convenient stores, the stores’ effectiveness after joining Ran-Tid-Dow program, and their own ideas to develop the stores in the future. The interview was conducted with the owners in Thai language at the stores on 13th April 2017 for store’s owner A, and 14th April 2014 for store’s owner B. The entire conversation lasted around 15 minutes for each owner.

C) Observation

For the observation, we used photographs method in order to guide us to observe and have a clear understanding in Mom & Pop stores and their appearances after joining Ran-Tid-Dow program. Photographs emanate from different stores (e.g. Prawpanich, Chanapa, Jirayu, Hiaku, Nongnon-Tonkao, and Panom stores) which have obvious Ran-Tid-Dow characteristics, allowing us and the readers to see the better implication of Ran-Tid-Dow. In addition, self-experience was also applied as one of the authors is from Thailand, combined with her familiarity at Mom & Pop stores through the role of customer and acquaintance. Therefore, it is possible for us to understand better about Mom & Pop stores’ the features.

3.3.2. Secondary data

A major part of the contents in this study originate secondary data collection. Hox & Boije (2005) explained about secondary data as the data that have been collected by agencies or individual for the objective apart from their particular research studies which could be both qualitative and quantitative.

Even though using secondary data has always been a saving of time and budget, convenient to access, and generating new insights from previous analyses, we have to take into consideration that sometimes such data might not be able to thoroughly answer our specific questions (Ghauri & Gronhaug 2005). Besides, the sources can also be biased and quality of the data can be lacked of control (Saunders et al. 2009).
Most of the secondary data in this thesis have been collected from, scientific journals and academic books through online database resources at Karlstad University, namely: Google Scholar, Emerald Insight, EBSCO, Research Gate and ScienceDirect, including an official website of Unilever, Unilever's annual report, Unilever Sustainable Living Plan report, available interview materials from Nation TV (Thailand): interview of Mister Paul Polman, Chief Executive Officer of Unilever in ‘Timeline Suthichai’ program and the interview of Mister Saroj Intaphan, Unilever’s Head of Sustainable Business and Communications through ‘Business News Room’ program, as well as working papers from the different public authorities.

3.3.3. Data Analysis

Qualitative data analysis is one of the essential procedure in conducting qualitative research. A major method in data analysis is to draw a conclusion from a set of data which does not usually involve statistical method at this stage (Lincharoen 2012). An appropriate data analysis allows our gathered information to answer the research questions precisely and demonstrates that qualitative research can reach a high quality of theory generation (Miles et al. 2013).

For the stage of qualitative data analysis, Miles and Huberman (1994) suggested that qualitative data analysis consists of three procedures: data reduction, data display, conclusion drawing or verification.

![Figure 3: Components of Data Analysis: Interactive Model (Miles & Huberman 1994, pp.12)](image)

- **Data reduction.**

Data reduction refers to the process which the researchers will obtain, reduce and organize the mass of qualitative data that they have collected (Miles and Huberman 1994).

For this thesis, before primary and secondary data were combined and analyzed, we translated and transcribed our interviews from group A & B, as well as available interview materials in Thai online programs, the main points and keywords were defined and highlighted. Following keywords allowed us to easily cluster our data into different groups and to summarize it. After that, we could start to create relationships between these various groups and how they were connected together. Later, the interview transcripts, observational photos, Unilever’s annual report, Unilever’s sustainable living plan report, and other secondary sources were simplified and delineated while keeping the aim of the study and its research questions in mind. At this stage, we discarded irrelevant information from our research, but we are also certain that they are accessible later in case of the occurrence of unexpected findings.
• **Data Display**

Miles and Huberman (1994) suggested that if the data are displayed in a suitable form, researchers are able to draw a summarization from piles of data validly.

Our theoretical framework in the topics of Corporate Social Responsibility, informal economy, and sufficiency economy were illustrated as figure formats, allowing us to see the relationship between the main theoretical contents and our objectives. In addition, several theoretical keywords related to Base of the Pyramid, innovation and sustainability were used as guidelines for interpretation. We also presented statistical data such as numbers of Ran-Tid-Dow in chart formats which were practical for us to depict the trends, to analyze them and conclude the data aligned with our research questions.

• **Conclusion Drawing/Verification.**

At this point, it is necessary to examine the validity through reference to researcher’s existing interviews transcripts, field notes, or further data collection (Miles and Huberman 1994). Hence, the interviews from Unilever’s employees were returned to the interviewees and verified whether the correctness and the understanding from our perspective and company’s perspective were corresponding. The usage of keywords and the establishment of categories was useful in the data reduction and drawing conclusion. Moreover, we tried to compare and create contrast tables between Unilever’s data and other external information to discover what was consistent and what was disparate between them. Furthermore, the findings of the secondary data were reviewed through the recommendation of the interviewees. After that, our analysis allowed us to begin to develop conclusions regarding the theories and the empirical study.

3.4. **Trustworthiness & Credibility: Validity and Reliability**

It is important to assess the quality of our findings and conclusions which is what we can do by evaluating the credibility of our information. Usually, we can evaluate the credibility through an examination of its reliability and validity. Reliability is about the truthfulness of our results, if we would repeat our process, then we should arrive at the same result. If it is consistent, then we can assume that it is reliable. For validity, it means that the study is analyzing what we are expecting from (Zikmund 1997).

As we exclusively used most of secondary data, we have to be careful because the previous researchers might not be the one who originated the information (Zikmund 1997). In order to avoid such issues, we tried to use recent data from renowned authors, especially when BoP and social innovation are topics that are steadily evolving. Furthermore, we gathered materials from official websites of each authority to ensure that the data was trustworthy.

We conducted the interviews from both sides: Unilever employees who are in the executive position and staff, including the local small businesses in order to cover dual viewpoints. Moreover, as the interviews were conducted anonymously to avoid upcoming problems; the respondents were able to provide unbiased answers.

As we know, companies usually present their reports positively by highlighting ‘good actions’ in practice. For the analysis part, we worked in an objective method by keeping a critical
point of view over the data without being affected by external considerations as advocated by Kirk and Miller (1986). Lastly, we did not only rely on Unilever’s information, but we also look for other support ideas and be openness for the criticism in order to have inclusive perspectives.

3.5. Limitations of the Study

First of all, working under the limited time frame is our hindrance of data collecting, interpretation, and analyzing, since we have to study intensively based on volume of data. Plus, secondary data have been utilized considerably; the aim of the previous data collectors may mismatch our actual demand. Data from the private organization might reflect only the positive attitude towards the firm, and the lack of quality control possibly occurs which could affect the subjects' responses and findings.

Secondly, our research is from a long-distance location; we do not have as much control as conducting the interviews in Thailand. Besides, as our research is principally related to many novel subjects such as innovation at the BoP and new business models concerning Mom & Pop Stores, we found ourselves a bit limited in the amount of data available for the analysis. It is also challenging for us to test the new different ideas coming from this research.

We have to request for information from Unilever; some sorts of data are not able to be accessed by the unauthorized persons due to the company data protection policy. Therefore, some in-depth statistical data is not able to be revealed. Besides, the numerical data that we obtained from the secondary sources may not be precise enough.

And lastly, this research only highlights a specific type of CSR through the engagement between Unilever and its local small businesses in Thailand. Therefore, the findings may not be generalizable for the same context of CSR in different countries.
Chapter 4: Empirical Study

In this chapter, we present the information regarding the background of Unilever with its Sustainable Development Plan, including an anecdote of Mom & Pop stores in Thailand concerning the aspect of its history, general characteristics and relationship with customers. In addition, we explain about “Ran-Tid-Dow” as a new sustainable engagement with Thai local small businesses.

4.1. Background of Unilever

Unilever, a Dutch-British transnational fast moving consumer goods company which has 57% of its business in emerging markets (Unilever 2017c); the company also has Sustainable Living brands growing up to 40% which is faster than the rest of the business (The Guardian 2015). The distinct strategy and objective of Unilever is to create a sustainable living commonplace as to bring a better future through its brands and services which enhance people to ‘feel good, look good, and get more out of life’, as well as implementing operational expertise across the business model which will help realize its precise vision of accelerating growth. In addition, the company comes with the sharp vision concentrating on developing its business, whilst mitigating the environmental footprint due to the company’s growth and increasing positive impact to the society (Unilever 2016b). Unilever’s unswerving commitment to sustainable living is significantly delivering higher trust to the consumers and a stronger business to shareholders with lower risks, persistent, competitive and profitable in a long-term growth (Unilever 2015a). With all of its performance, Unilever has been named as a leader of the Household and Personal Products Industry Group in the 2016 Dow Jones Sustainability Index (DJSI) by achieving an overall score of 92 out of 100 (Unilever 2017c).

4.1.1. Unilever Sustainable Living Plan (USLP) aligning with UN Sustainable Development Goals (SDGs)

Since the planet is uncertain and volatile, Unilever sees that the company is unable to achieve its vision in a long range, unless it finds alternatives to operate its business which do not just only take from the society and the environment. Unilever Sustainable Living Plan was launched in 2010 as the blueprint of Unilever’s sustainable growth which has helped the firm to grow profitably, reduce costs and fuel innovation. USLP consists of 3 distinct objectives (Unilever 2015a).

1. It spans the brand portfolios in all countries where Unilever products are sold.
2. It has dual dimensions: society and economy – Unilever products contributes to difference to health and well-being. Plus, people’s livelihood is supported through sourcing, production and distribution of its products.
3. It encourages the company to work across the entire value chain when it is environmentally related – from sourcing of raw material to manufacturing activities, until product consumption.

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5 Dow Jones Sustainability Index (DJSI) is a best-in-class benchmarks the sustainability performance of the largest 2,500 companies listed on the Dow Jones Global Total Stock Market Index (Sustainability-Indices 2017).
One of the global framework to resolve the world's biggest challenges is ‘UN Sustainable Development Goals (SDGs)’; Unilever believes that if the firm can adopt and achieve the goals, the poverty, inequality, including climate change could be tackled and ended eventually. At the present time, Unilever is zooming into SDG 15, 2, and 6 regarding ‘Life on Land’, ‘Zero Hunger’, and ‘Clean Water and Sanitation’ respectively (Unilever 2015a).

Unilever aims to eliminate deforestation from supply chains of the world’s commodity by instilling sustainable practices among the palm oil growers. Besides, the company collaborates with the International Fund for Agricultural Development (IFAD) by expanding its expertise in sustainable agriculture and leveraging the knowledge of small-scale farmers and rural enterprises in order to help them to get out of poverty. And lastly, Unilever guided over 335 million people how to be hygienic through ‘Lifebuoy’ bar soap and help people in water-scarce areas to be able to access clean water through Water Center thanks to the cooperation with Oxfam and Technoserve (Unilever 2015a).

Unilever took part in ‘Paris Agreement’ in United Nations Climate Change Conference (COP 21) by announcing its new goal to become ‘carbon positive’ by 2030 and demonstrating itself to the community which will no longer be on the sidelines. (Timeline Suthichai 2015). As the world’s critical points set out a positive sight for the future business, Unilever has gradually innovated sustainable business model connecting to its core belief of the Unilever Sustainable Living Plan (USLP) which has been proven that sustainability can be adjacent to profitable growth. Furthermore, it helps the firm to reduce costs, introduce innovation, and recruit and retain the best talents (Unilever 2015a).

Concerning Unilever Thailand, apart from concentrating on sustainable processes in supply chain and its environmental impacts, one of the crucial attempt of USLP is to create well-being for billions of entrepreneurs who are parts of Unilever’s value chain. Based on our interview with Miss X, a sales executive at Unilever, one of the novel idea of Unilever is ‘Ran-Tid-Dow’ or ‘Star Store’ program which was established in order to lift up small business owners’ lives by enhancing their Mom & Pop store’s effectiveness and sales volume through knowledge from Unilever staff; monthly promotion campaign; covering other activities that urge for the participation with people in the communities which is a part of the case study that our research mainly focuses on.6

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6 Miss X, Sales Executive at Unilever Thai Trading, interview on the 15th of April 2017
### Improving Health and Well-Being

By 2020, Unilever will help more than a billion people take action to improve their health and well-being.

<table>
<thead>
<tr>
<th>Health &amp; Hygiene</th>
<th>Target (By 2020)</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unilever will help more than a billion people to improve their health and hygiene. This will help reduce the incidence of life threatening diseases like diarrhea.</td>
<td>End of 2015, around 482 million people reached the better health and hygiene through Unilever’s programs.</td>
</tr>
<tr>
<td>Nutrition</td>
<td>Unilever will double the proportion of its portfolio that meets the highest nutritional standards, based on globally recognized dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.</td>
<td>In 2015, 34% of Unilever’s portfolio by volume met highest nutritional standards.</td>
</tr>
</tbody>
</table>

### Enhancing Livelihoods

By 2020, Unilever will enhance the livelihoods of millions of people as it grows its business.

<table>
<thead>
<tr>
<th>Fairness in the Workplace</th>
<th>Target (By 2020)</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unilever will advance human rights across operations and extended supply chain.</td>
<td>54% of procurement spend through suppliers meeting mandatory requirements of Unilever Responsible Sourcing Policy.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The company published its first Human Rights Report</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Total Recordable Frequency Rate for was 1.12 per million hours worked (2014: 1.05).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Engagement score among 5,000 employees surveyed was 77% (2014: 75%).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities for Women</th>
<th>In 2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unilever will empower 5 million women.</td>
<td>- 70,000 female microentrepreneurs were trained to sell Unilever’s products in rural India.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The percentage of persons of each gender who were Unilever managers was 55% male and 45% female (2014: 57% male and 43% female).</td>
</tr>
</tbody>
</table>

| Inclusive Business        | Since 2006, in partnership with others, Unilever enabled around 600,000 smallholder farmers and 1.8 million small-scale retailers to access initiatives which aimed to improve their agricultural practices or increase their sales. |
|---------------------------|------------------|-------------|
|                           | Unilever will have a positive impact on the lives of 5.5 million people. | |

### Reducing Environmental Impact

By 2020 Unilever’s goal is to halve the environmental footprint of the making and use of our products as it grows its business.

<table>
<thead>
<tr>
<th>Greenhouse Gases</th>
<th>Target (By 2020)</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The greenhouse gas impact of Unilever’s products needs to be reduced by half across the lifecycle.</td>
<td>Unilever’s Operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Unilever produced 88.49kg CO₂ from energy per ton of manufacturing production (2014: 92.14kg).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Products’ Lifecycle</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Greenhouse gas impact per consumer use has increased by around 6% since 2010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water</th>
<th>Target (By 2020)</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water associated with the consumer use of Unilever’s products needs to be reduced by half.</td>
<td>Unilever’s Operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 1.88m³ water per ton of manufacturing production were used (2014: 2.01m³).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product in Use</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Unilever’s water impact per consumer use has reduced by around 1% since 2010</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Waste</th>
<th>Target (By 2020)</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The waste associated with the disposal of our products needs to be reduced by half.</td>
<td>Unilever’s Operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Unilever sent for disposal 0.28kg of total waste per ton of manufacturing production (2014: 1.19kg).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product at Disposal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Unilever’s waste impact per consumer use has reduced by around 29% since 2010</td>
</tr>
</tbody>
</table>

Table 1: Unilever Sustainable Living Plan (Unilever 2015a, pp.17)

Copyrights Logos: Flaticon
4.2 Mom & Pop Stores: A traditional retail stores with Thai way of life

4.2.1 General Characteristic of Thai Mom & Pop Stores

The origin of traditional retail stores or Mom & Pop stores in Thailand around a century ago has reflected the socio-economic changes in the country. In former times, Thailand used to be a predominant agriculture based society, yet the shift has turned it into an industrialization which more complicated features (UNDP 2007). For instance, the divisions of tasks and labors have become more complex; the products have been distributed in the system; traditional Mom & Pop stores are the distribution center by being constructed as shophouses along the watersides of the main rivers which used to be the important waterway traffic, they gradually shifted to grow into shophouses located along the roadside of each province (Pientam & Rungwannarat 2012).

In the old days, Mom & Pop stores could be treated as one of the most popular and oldest business in Thailand, because the availability of the consumer goods could be reached by every targeted consumer with various kind of products based on daily basic needs (Keawnil 2015). Usually, the stores materialize with shophouse and located around the center of the community. The category of store can be implied as a family business which neither has a modern system nor technological tools, as the merchandises are usually just bought and sold to the consumers (Cheamsripong 2011).

4.2.2 The Relationship Between Mom & Pop Stores and Thai Customers.

The relationship between Mom & Pop stores’ owners and buyers are one step further from the normal complication; it is not just about trading money and goods, but internal relationship also involved with the buying-selling activities (Techachaiyasakul 2014). As a human nature, the longer time it last, the stronger the relationship can be; the same with the relationship between owners of the stores and the local residents that it could develop the network connecting everyone together by having Mom & Pop stores as center of the communities.7

Moreover, the cordiality, companionship, sympathy and negotiation can also be found through the trading via Mom & Pop stores where the native Thai culture is noticeable (Keawnil 2015). Some of these stores are meeting points of the communities where people come and have a conversation about general topics, some of these stores are the place where people can share news and important information. More importantly, Mom & Pop stores play a major role in compromising with people in the community in finance indirectly which is not able to be found in modern trades (Techachaiyasakul 2014).

“We have some kind of relationship that you cannot find at the modern convenient stores. For example, if the item you are buying is 12 baht, but you have only 10 baht; I can just charge you only 10 baht and the 2 baht left is fine.”8

7 Store Owner A, interview on the 13th of April 2017
8 Baht is Thai currency (1 THB = 0.029 USD on 16th of April 2017)
9 Store Owner B, interview on the 14th of April 2017
Apart from the generosity of the Mom & Pop Stores’ owners as they reduce the prices for their customers, we found that both of the store A and B sell some items by portion, since not every customer has the same purchasing power. For example, the working-class men usually buy a piece of cigarette or a peg of whisky because the entire unit of these items are unaffordable for them. Moreover, trustworthiness can also be found between Mom & Pop store’s owner and customer in the community as how the store owner B operates business.

“For some of my credible customers, I allow them to sign their names in the shopping list log and they can pay back monthly or weekly. I usually limit the amount at 500 baht with the agreed interest rate. I know it is somewhat risky which could turn into a bad debt in the future, but I had to evaluate the customers first, like I have to know their buying behavior and how long they have been shopping at our store. I believe that no one wants to be in debts, but they are really in need of something necessary, then why don’t we just help the others for little things”

4.3 “Ran-Tid-Dow” or Unilever Platinum Store: A new sustainable engagement with Thai local small businesses

4.3.1 Ran-Tid-Dow: The New Business Model

Even though hypermarkets and convenient stores have become major players in Thai retail business; Unilever sees that traditional retail channel, especially Mom & Pop stores are still having a great potential to balance the retail markets (Unilever 2017d), since the trade channel distribution between traditional trade and modern trade (convenient store + supermarket & hypermarket) has a 50-50 proportion which is considered as the most challenging market in South East Asia (AC Nielsen 2016).

Unilever has emphasized the leading of Mom & Pop store development by introducing the model of ‘Ran-Tid-Dow’ which means ‘Star Store’ in Thai or ‘Unilever Platinum Store’ in English which is under the umbrella of Unilever Sustainable Living Plan (USLP). This recent model has enhanced the Mom & Pop Stores’ quality of life from each store to each community and up to each society (Unilever 2017d). AC Nielson (2015) has evaluated that each year, Mom & Pop stores in Thailand grow more than 3%, whereas the convenient stores grow around 8-9% which is more than Mom & Pop stores by 3 times.

One of Unilever Sustainable Living Plan’s objective is enhancing the livelihood of millions of people in the value chain, and one of those is including 400,000 Mom & Pop stores spreading all over the country (Unilever 2017d). Ran-Tid-Dow project was firstly initiated due to the massive flood in Bangkok and the perimeters in 2011. Unilever, thus presented an idea that would help and improve Mom & Pop stores to reincarnate and become efficient in operating their stores before becoming ‘Ran-Tid-Dow’ in 2012 (Business News Room 2017).

In addition, Miss X, Unilever’s sale executive in the southern region of Thailand explained about ‘Ran-Tid-Dow’ that apart from helping the local small businesses, Unilever as a supplier is not only able to increase the sales, but it also allows the company to balance sales channels and distribution channels for both of traditional retail stores and modern trades at the same time. Furthermore, Unilever does not have to pay for any products that are on

10 Store Owner B, interview on the 14th of April 2017
11 Miss X, Sales Executive at Unilever Thai Trading, interview on the 15th of April 2017
Mom & Pop stores’ shelves, unlike the procedures in modern trade, there is a cost for every item that is launched in the market.

There are various ways in which businesses can engage with social innovation, and ‘Ran-Tid-Dow’ project shows that it involves creation of a ‘new business model’ which is beneath ‘social innovation’. The model has been run in parallel with Unilever Sustainable Living Plan which is the core idea of this venture (Itthiopassagul 2015).

4.3.2 The Engagement with Local Small Businesses Through Ran-Tid-Dow

- Ran-Tid-Dow

During these 5 years, Unilever allocated a budget of around 100 million baht to increase the effectiveness of traditional retail stores through ‘Ran-Tid-Dow’ model, as well as sending more than 2,000 staff to help support these owners through sharing of know-how and the creation of activities to be a part of the communities (Unilever 2017d).

First of all, Unilever Sales team will instruct Mom & Pop stores’ owners who are interested in being part of ‘Ran-Tid-Dow’ about the ‘Integrated Marketing Communication (IMC)’, starting with decorating the outside of the stores with modern store name including star signs, installing blue awning for every store, changing the attaching colorful media such as billboard and posters outside and inside the stores, as well as publicizing information about the stores through the community radio and caravan under the concept of “cheap and worthy” which does not cost anything to the owners (Itthiopassagul 2015).

“The knowledge of modern trade management has been adapted to Mom & Pop stores product composition. Before, you may experience that Mom & Pop stores were cramped, dirty, and messy. Now, if you shop around Ran-Tid-Dow, you will see that products are categorized and organized in order; it turned out to be convenient for every customer; the shelf headers and the banners lead the customers to the right direction and explain what is new in that product category with the price tags, so customers can perceive the new information or the new campaign at the same time. Moreover, there are the different promotional activities in each quarter, such as collecting points to exchange premium rewards which urges for continuous purchasing, the amount of each receipt, and the overall sales of the store”

Secondly, sales team also recommended them how to manage stocks efficiently, including how to record their revenue and expense account in order to keep track of the cash flows.

“We provided a ‘Call Card’ which has all Unilever items for Mom & Pop stores, and we provided ‘Stock Card’ which helps them monitor the products that they bought in and sold out, which means it will be more practical for them to track which item has a good sale or which item has a poor sale, so that the owners can switch to order other products instead for the next ordering”

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12 Miss X, Sales Executive at Unilever Thai Trading, interview on the 15th of April 2017
13 Miss X, Sales Executive at Unilever Thai Trading, interview on the 15th of April 2017
1. **Promotion Corner**
   Promotion media includes details of monthly promotional activities and premiums.

2. **Pop-Up Media**
   Pop-Up media contains details about discounts, new products, or premiums that come with each item.

3. **Product Arrangement**
   Products are arranged in each category, formula, and pack size (Usually, the small size and sachets are available in Mom & Pop stores).

4. **Ran-Tid-Dow Banner**
   There are also ‘Ran-Tid-Dow’ banners attaching to the shelves in order to attract customers.

   Translation from left to right
   ‘worthy’ ‘low price’ ‘at Ran-Tid-Dow’.

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More photographs are available in appendix.
Thirdly, Unilever sales team will research about the community’s environment: types of households, buying behaviors, and main product use. Thus, the information can be utilized for merchandise management which will meet the needs of customers in each area and enhance the flow of stocks\textsuperscript{15}. Moreover, it is necessary to let the stores know about the details of each item, because there are several formulas and several pack sizes for each product type. It can be implied that stores do care about customers and stores can respond more to the real needs of people in the communities (ibid).

And lastly, Unilever also finds opportunities for Mom & Pop stores to include some additional businesses. For instance, if the stores’ locations are near schools, sales team would suggest them to install ‘Wall’s’ ice-cream at the store to enjoy another way of sales (Itthiopassagul 2015); if the stores are near apartments, sales team would advise them to install a coin operated laundry machine, mobile phone top-up machine, or ATM machine if the stores are in the partnership area with Kasikorn Bank, as well as recommending the stores to have an Air Pay counter for customers to pay their various types of bills\textsuperscript{16}.

\textbf{Figure 8: Mobile top-up machine in front of Preawpanich store} (Copyrights: Preawpanich Store)
\textbf{Figure 9: Coin-Operated Laundry in front of the store at Jirayu store} (Copyrights: Varamon J.)
\textbf{Figure 10: Coin-Operated Laundry in front of the store at Nongnon-Tonkao store} (Copyrights: Varamon J.)

“Coin-Operated Laundry Machine is recommended alternative that allows the owners to obtain more income; Unilever also gains from selling sachet detergent and softeners for BoP consumers.”\textsuperscript{17}

\textsuperscript{15} Miss X, Sales Executive at Unilever Thai Trading, interview on the 15\textsuperscript{th} of April 2017
\textsuperscript{16} Miss X, Sales Executive at Unilever Thai Trading, interview on the 15\textsuperscript{th} of April 2017
\textsuperscript{17} Store Owner B, interview on the 14\textsuperscript{th} of April 2017
Figure 11: In front of ‘Chanapa’ store (Copyrights: Jutatip C.)
Figure 12: In front of ‘Jirayu’ store (Copyrights: Varamon J.)
Figure 13: In front of ‘Hiaku’ store – Hiaku is the first Ran-Tid-Dow in Thailand. (Copyrights: Varamon J.)

Figure 14: Sunlight products with yellow banners inside ‘Jirayu’ store (Copyrights: Varamon J.)
Figure 15: All personal care products are on shelve inside ‘Jirayu’ store (Copyrights: Varamon J.)
Figure 16: Detergent and softener products in sachets inside ‘Jirayu’ store (Copyrights: Varamon J.)

Figure 17: Chanapa store & Figure 18: Nongnon-Tonkao store – Wall’s corner (Copyrights: Jutatip C & Varamon J.)
Unilever sales team usually visit the store regularly to gain the feedback, update the owners about new information, and check the orderliness of the stores. For any Ran-Tid-Dow store that may have outdated look (as figure 20-23), Unilever sales team will reach the stores and make an adjustment for the owners.  

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18 Miss Y, Marketing & Sale Operating - Supply Planner at Unilever Thai Trading, interview on the 19th of April 2017
• **U-Town**

Miss Y\(^{19}\) who joined U-town activity told us that Unilever also has ‘U-Town’, a field activity which allows every employee to engage with ‘Ran-Tid-Dow’ by separating employees in group and having sale representatives as guides. Employees will have opportunities to visit the stores in the different communities and learn how to manage the products, the process of buying and selling products. More importantly, employees can help the owners to clean, decorate, and makeover the stores. By doing so, it encourages every employee who are not in sales position to understand the roles of the different functions and be part of the company to reach Sustainable Development Goals eventually.

#### 4.3.3 The Progress of Ran-Tid-Dow

As Unilever aims to increase Mom & Pop stores’ sales and arm them to survive under a tug-of-war between modern and traditional retail stores, Ran-Tid-Dow has proved that sales have grown up to 8-9% which is around the same rate as modern trade (Prachachat 2017b). Even if the main income of Mom & Pop stores is majorly from liquor and cigarette, Unilever has 7% of the sales portion of each Mom & Pop store which are in Ran-Tid-Dow program (ibid). In 2016, Mom & Pop stores that participated in Ran-Tid-Dow program were around 10,461 stores, increasing from 2015 which were around 9,807 stores. In addition, Unilever expects that Mom & Pop stores are going to be improved and join Ran-Tid-Dow program up to 20,000 stores within 2020 (Bangkok Business News 2017b).

![Number of ‘Ran-Tid-Dow’ by Unilever Thai Trading Co., Ltd. during 2016 - 2020](Bangkok Business News 2017b, pp.1)

Figure 24: Number of ‘Ran-Tid-Dow’ by Unilever Thailand during 2016 – 2020

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\(^{19}\) Miss Y, Marketing & Sale Operating - Supply Planner at Unilever Thai Trading, interview on the 19\(^{th}\) of April 2017
Miss X\textsuperscript{20} explained that in order to take care of Ran-Tid-Dow thoroughly, Unilever has to be certain that every aspect of the company is fully ready. For example, stocks of every item have to be available; sales network must have potential in order to reach Mom & Pop store' requirements; and sales team has to provide them good recommendation about products, promotion and product organizing. Unilever does not expect just about sales growth and sales channels, but this is like taking care of the entire value chain; the company has to help these small owners as much as possible.

Although any Mom & Pop stores chose to be under Ran-Tid-Dow, they still have freedom of choice to sell products from any brand they desire. Some of the stores even sell ‘OTOP product’ or ‘One Tambon One Product’ which is the prominent local product from the district where the stores are located. As you may see, the benefits from Ran-Tid-Dow does not only contribute to the benefits to Unilever, but every brand will be encouraged as Mom & Pop stores are managed into a good pattern and system.\textsuperscript{21}

### 4.4. Summary of Empirical Study

Even though the arrival of modern trade severely affected one of the oldest retail business in Thailand like Mom & Pop stores, special characteristics of this type of stores is a crucial factor that makes it stand out among the coming up convenient stores located in the same neighborhood (Keawnil 2015). Familiar relationship, cordiality, companionship, sympathy can be found between the owners and customers (ibid). Besides, the flexibility, generosity and trustworthiness can be seen through bargaining, the selling of items in portion, and credit sales respectively.\textsuperscript{22}

Nonetheless, the introduction of Ran-Tid-Dow is not just an ideal business proposition of Unilever, but it has also become a part of the community, by the community and for the community (Itthiopassagul 2015). Even though consumers may realize that multinational corporations have to prioritize the highest profit, but it is apparent to see that situation between Unilever, Mom & Pop stores, and hypermarkets can be balanced under the win-win situation (Business News Room 2017). The importance of business factors such as sales, profit margins, and marketing activities are still considered. However, the way to combine these mentioned elements with the sustainable livelihood of local small businesses and communities who are also the nodes of Unilever’s value chain are even more essential in order to maintain the company’s sustainable execution in a long-run (Unilever 2017d).

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\textsuperscript{20} Miss X, Sales Executive at Unilever Thai Trading, interview on the 15\textsuperscript{th} of April 2017
\textsuperscript{21} Miss X, Sales Executive at Unilever Thai Trading, interview on the 15\textsuperscript{th} of April 2017
\textsuperscript{22} Store Owner A, interview on the 13\textsuperscript{th} of April 2017, Store Owner B, interview on the 14\textsuperscript{th} of April 2017
Chapter 5: Discussion & Analysis

In this chapter, we present the result of our analysis based on research question and the purpose of the thesis. We focus on CSR thinking on BoP perspectives, CSR practices engaging with local small businesses, and challenges for multinational corporations in sustainable development practices through the case study of Unilever Thailand.

5.1. The Impact of CSR Thinking on BoP Perspectives of Business Practices Embedded in Sufficiency Economy

Nowadays, companies are responsible for the repercussions of their decisions and how they can improve the life of those who are influenced by such concepts (Elkington 1999). There should be a balance in Triple Bottom Line between society, environment and economy, so MNCs are expected to closely pay attention to the emerging countries where they are invested (Juelin & Dima 2016). Based on our study, Uniliver goes along a sustainable path by engaging with those practices through Unilever Sustainable Living Plan (USLP) which is firmly connected to the UN Sustainable Development Goals and is explained more detailly hereafter (Unilever 2015a).

5.1.1. Corporate Social Responsibility

Corporate social responsibility demands that businesses should be able to provide benefits for the shareholders while being liable for any consequence affecting every other stakeholder (Sebhatu 2010). In order to do so, Unilever and its USLP is ensuring that human rights are respected throughout its operation. However, this responsibility has to go beyond the spectrum of the organization and improve the quality of life of more than their employees (Elkington 1999). For instance, Unilever has designed multiple programs to improve the health and hygiene of those people in order to expand the access to clean water and reduce the appearance of catastrophic diseases. Besides, Unilever is trying to build a more environmentally friendly and sustainable agricultural system with the objective of ending hunger and enhancing nutrition (Unilever 2015a).

The concern for the environment, especially the climate change has grown continuously whether you are an enterprise or a consumer, many of our old habits have been changed to reflect what is happening to the planet (Svensson et al. 2016). Unilever is more than aware that without a healthy ecosystem, the company cannot foresee what it would become in the future. In Thailand, all of Unilever’s factories are eliminating zero waste in the landfill, even though the cost of building those was definitely higher at the start (Timeline Suthichai 2015). According to the objectives in Unilever’s Sustainable Living Plan, there are means to decrease all greenhouse gases over the supply chain, as well as the reduction of water usage, and the ambition of eliminating deforestation (Unilever 2015a). Likewise, Unilever understands that it is impossible to be successful if the company works alone, but together with NGOs, government entities and small-holder farmers to create sustainable practices and systems that will not break over time and generate enough income to survive in the future (ibid).
5.1.2. BoP Perspective

Billion of the poor are typifying an overlooked market where MNCs can discover new growth opportunities by offering them avant-gardiste solutions. This can be done not only by trying to understand their needs, but also by working with them and using their knowledge of scarcity (Hart 2005).

Unilever Thailand also focuses on the Mom & Pop stores, traditional retail stores representing a flagship element of Thai culture (Uniever 2017d). Unilever has created ‘Ran-Tid-Dow’, a new business model with the aim of improving the performances of those small stores by teaching the owners about how to manage their products, how they should organize their stores, and more significant techniques dealing with selling and marketing. Unilever is able to enhance the quality of life, not only for the owners by increasing their sales, but also for the customers to have better place to shop, as well as the whole community that can advance a further step (Itthiopassagul 2015).

Unilever is engaging with members of the society in a huge ecosystem; it is taking action in sustainably integrated ways (Unilever 2016b). In addition, working alongside with Mom & Pop stores allows Unilever to influence the last and most crucial element of the entire value chain management. These key points indicate us that Unilever has been able to figure out how business should be executed at the BoP, whether it is for now and also for the future (Unilever 2017d).

5.1.3. Sufficiency Economy

The concept of sufficiency economy was delivered by his majesty the King of Thailand as a leitmotiv and reshaped the way of living for his people (The Office of the National Research Council of Thailand 2003). Sufficiency economy does not mean that we have to be self-sufficient, but we should take the middle path by not accomplishing too much or too little (United Nations 2017). This philosophy is combining moderation, reasonableness and self-immunity to protect ourselves from internal and external changes. Prudence and knowledge are also needed to make things work, but the result is to be able to sustainably cope with challenges such as globalization and climate change in a balanced way (Office of the National Economic and Social Development 2007).

Throughout our research, we found that Unilever and its multiple programs in USLP lead to actions regarding the climate change, the fight against poverty and hunger in a sustainable way (Unilever 2015a). Moreover, we could agree that they are doing so in a moderate and reasonable manner, as in Thailand the firm does not solely focus on selling its products to the big modern trade with the highest sales, instead it strived to promote traditional Mom & Pop stores and help them improve by sacrificing its time, investment, and sharing its knowledge with the BoP entreprenuers in the value chain (Business News Room 2017) which reflect that profit does not come first, and the company is privileging a more equitable approach in order to do business at the BoP.
5.2. CSR Practices Engaging with Small Local Businesses in Emerging Countries

Actually, it is possible to perform sustainable business if each knot of the value chain considers itself working in a sustainable approach (Nidumolu et al. 2009). Nonetheless, some companies believe that if they have to adjust themselves to be greener; be mindful about stakeholders and society concurrently with shareholders; change their entire operation activities to become more sustainable, they may not be profitable (Rodriguez et al. 2002). Especially in the dog eats dog situation where major MNCs invest in modern trade business in Thailand intensively, suppliers are oppressed since they carry more bargaining power; small owners who run the business just to feed and clothe are in recession because modern trade is available around every corner and selling by price cutting (Cheamsripong 2011).

Concerning Unilever, the company benefits from both parties, but the recession of Mom & Pop stores in Thailand is also challenging, since half of the company’s sales comes from this informal channel (Nielsen 2016). However, under Unilever Sustainable Living Plan, if any single part of the value chain carries on its business unsustainably, the company will not be able to grow firmly in the future. Hence, Unilever has taken part in this tug of war and established ‘Ran-Tid-Dow’ as a new business model creating a win-win situation for Unilever itself, Mom & Pop stores, customers and the communities (Itthiopassagul 2015).

According to Hart (2005), firms must look at re-evaluating ad price-performance relationship for products and services in the BoP market. The key is the ‘business model’ shall be apart from responding to the needs of customers at the BoP, and it is necessary for the firm to generate sources of income through a mechanism such as micro-entrepreneurship instead of just looking them as a target market and trying to make a fortune from them only. ‘Ran-Tid-Dow’ model is concordant with Hart’s concept.

First and foremost, Hart (2005) purposed that firms have to engage with the small owners at the BoP; co-invent solutions; avoid local hindrances; work in symbiosis; build a business model that creates value and enhances the society. Ran-Tid-Dow has utterly transformed Thai retail business; previously, numerous Mom & Pop stores were shut down, yet after the project was executed, these small owners reincarnated and stood on their own feet once again (Itthiopassagul 2015).

After the flood and the declined situation of Mom & Pop stores due to the bloom of modern trade, Unilever co-invented with the owners by scrutinizing Mom & Pop stores, their characteristics, surrounded communities and customer behaviors; Unilever looked beyond seeing Ran-Tid-Dow as the way to balance the trading channels or sales23. On the other hand, the company has strived to transfer the know-how to local entrepreneurs how to comprehend the selling system, the different techniques, as well as seeing their stores as a linkage of the community without centering only Unilever products. These methods have urged Mom & Pop stores who joined ‘Ran-Tid-Dow’ project to become stronger, to remain as parts of Thai society, and to be invulnerable in spite of the shift in Thai retail business (Unilever 2017d).

23 Miss X, Sales Executive at Unilever Thai Trading, interview on the 15th of April 2017
As long as the article of law regarding Retail Business Act is not officially enforced, the issues occurring with entrepreneurs at the BoP in Thailand will remain unsolvable (Thailand Development Research Institute 2011). However, since these stores have special characteristics that modern trade is not able to imitate namely: selling in portion; providing credit to acquainted customers; as well as the cordiality, combining them with the support from Unilever such as attaching the media; promotional campaign; stock and accounting management; noticing buying behavior of customers, Mom & Pop stores are recovering gradually among the competitive retail business in Thailand (Itthipassagul 2015). Meanwhile, products from local brands and competitors’ brands can be sold in Mom & Pop stores efficiently.\footnote{Miss X, Sales Executive at Unilever Thai Trading, interview on the 15\textsuperscript{th} of April 2017}

Ran-Tid-Dow model has never existed before in Thai society, this notion has helped the owners at the BoP to resolve parts of their problems in effective, positive and sustainable ways. According to the perspective of Mulgan et al. (2007), Ran-Tid-Dow can be considered as ‘Social Innovation’ which is not just the Corporate Social Responsibility to ‘do good’ or bring a ‘good image’ from the surplus of Unilever, but it is a creation from society from the core, and adjusting the perspective of organization to ‘holistic sustainability’.

5.3. Challenges for Multinational Corporations in Sustainable Development Practices in Thailand

Pralahalad & Hart (2002) purposed the emphasis between people at the BoP and MNCs that the poor can be a massive market for the MNCs. Besides from establishing a new customer base, new source of profit and new marketing channel creation, the poor are also able to reach their needs of products and services in culturally and environmentally sensitive in economically profitable ways. They also believed that ‘inclusive capitalism’ can be created which can combat the poverty through the capability of people at the BoP.

The method that Unilever has employed to penetrate the BoP market in Thailand is manufacturing its products in smaller types of packaging namely: sachets and traveling size (Prachachat 2013a). Even though these miniature products account for 10\% of the total sales of Unilever Thailand, low income customers are still able to access these goods (ibid). It is an identical example that Prahalad & Hart (2002) illustrated regarding Hindustan Unilever that the company has adapted a new business model from local enterprises and scoped into the BoP market by noticing and re-understanding the buying behavior of Indian consumers, reformulating product mixtures and product size alignment with product consumption, creating a wheel of low-price points and increasing the selling points through small outlets. Since the poor have different attitudes and perceive information differently from the middle class; this market needs the expertise and knowledge from a global marketing level which is the strength of Unilever in creating new business model in order to serve the poor at an affordable price (ibid).

If we analyze our study based on the perspective of Karnani (2009) who believed that the mentioned assumptions from Prahalad & Hart (2002) were just ‘romanticizing the poor’ without realistic empirical support about the behavior of the poor as consumers and
entrepreneurs. The main ‘challenges’ that MNCs have to encounter in developing are about ‘sustainability in the poor’. They are vulnerable due to their deficiency in education; information; other economic, cultural and social deprivations. Thus, for the MNCs penetrating the BoP in developing countries through pioneering specific products for the poor market is probably not the path to sustainability. In reality, if consumers at the BoP have knowledge and understanding in calculation and product details, they would rather save money and purchase the same item but in a larger volume with a lower price. In fact, Karnani (2009) advised that the right way to increase real affordability of the poor is to reduce the price per use while keeping equal quality.

Furthermore, Karnani (2009) was also cautious about the aspect of ‘BoP entrepreneurs’, since majority of the poor lack of skills, vision and creativity. BoP as entrepreneurs is delusive, it views the poor as more affluent than they actually are, causing harm to themselves and the MNCs. However, if we contemplate this keystone to BoP entrepreneurs in Thailand through the case study of Unilever and Mom & Pop stores’ owners, it may be similar from what Karnani (2009) stated only at first. It is true that Mom & Pop store owners might lack of techniques in attracting customers, lack of knowledge in stock management and accounting (Cheamsripong 2011). As a consequence, they are delayed in adapting themselves once the new waves of foreign modern trade hit Thailand. Nevertheless, a major supplier like Unilever offered them a hand through ‘Ran-Tid-Dow’ which is a new and effective solution between FMCG business and retail business in Thailand (Itthiopassagul 2015). What Unilever executed was researching the root causes and transferred the knowledge concerning the store management for free (Itthiopassagul 2015).

Knowledge transferred is a value that influences these small owners to perform their businesses by themselves sustainably in the future, as Senge (1998, pp.137) quoted: “Sharing knowledge is not about giving people something, or getting something from them. That is only valid for information sharing. Sharing knowledge occurs when people are genuinely interested in helping one another develop new capacities for action; it is about creating learning processes”. Finally, Unilever presents that the company and BoP entrepreneurs are able to be profitable and their quality of life can be lifted up (Itthiopassagul 2015).

Comparing the idea regarding BoP version 1.0 and 2.0, what Unilever has performed in Thailand can be illustrated below.

<table>
<thead>
<tr>
<th>BoP 1.0 ‘Selling to the Poor’</th>
<th>BoP 2.0 ‘Business Co-Venturing’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unilever sees BoP as consumers.</td>
<td>Unilever sees Mom &amp; Pop stores as value chain partners.</td>
</tr>
<tr>
<td>Unilever does the research in BoP market: consumer needs and buying behavior.</td>
<td>Unilever digs into the problems that its customers (Mom &amp; Pop stores) are facing.</td>
</tr>
<tr>
<td>Unilever redesigns packaging and extends its distribution channel.</td>
<td>Unilever facilitates know-how without any costs.</td>
</tr>
</tbody>
</table>

Table 2: Comparing the idea regarding BoP version 1.0 and 2.0 through the case of Unilever (Adapting from Hart et al. 2008, pp.2).
However, the new idea from Cañeque & Hart (2015) who claims that although we are walking in the midst of developing new skills, capabilities and organizational routines necessary to execute BoP 2.0; the new challenges that MNCs have to follow through is to press forward toward a BoP 3.0, starting from co-creation to open innovation, drawing on the ‘wisdom of the crowd’ to spawn previously unimagined solutions. Finally, participatory and grassroots innovations will be able to take BoP business to a whole new level in the upcoming years (ibid).
Chapter 6: Conclusion

In this final chapter, the conclusion of our thesis based on the theoretical framework and empirical study, as our aims are also presented, as well as the suggestion for the further research.

Our thesis’s aim is to understand and assess sustainable development theory, particularly in corporate social responsibility thinking in the BoP perspective based on sufficiency economy, as well as concentrating on the sustainable implementation of MNCs in the aspect of the engagement with local small businesses in Thailand while making use of innovation.

Based on our outcomes, we found that it is possible to perform CSR activities as a part of the company model scheme along with sufficiency economy through the case of Unilever, as long as the company does not only expect to seize the fortune from local small businesses and customers, does not only concern about a good image and reputation, or even does not yearn for the maximized gain, but it is necessary for the company to develop innovative business model in order to co-create a ‘shared value’ with the BoP market which will be able to solve the societal issues; improve business execution in an effective way, less risk, more competitive advantage; combined with social responsibility for the entire value chain which will result in sustainable development in the next step.

6.1. Managerial Implication

Our results illustrate that having a master plan related to sustainability and Sufficiency Economy which does not only emphasize the firms’ accomplishment, but also covers the aspects of responsibility for environment, society and sustainable growth inclusively can produce a remarkable path for the MNCs regarding how to execute different business functions to become more efficient. Moreover, it also urges the companies to create a new business model that will enhance their operations to be sustainably effective in a long-term.

For an MNC that set its sights on the BoP, creating CSR activities for such specific market based on researching, and understanding an actual situation among BoP entrepreneurs and consumers can affect the entire value chain positively. Apart from building balance between the different trade channels, the company is also able to respond to the real needs of customers which matches with their buying behaviors in a primary stage. Thereby, the company can plan in advance regarding how to manage the availability of the products and services; build up an attractive promotion to this target market; also deepen the proficiency of their staff in order to transfer knowledge and provide advices for local small businesses in a further step.

Subsequently, this type of engagement can be built along different means; ‘creating a partnership’ is also one of those, by analyzing their distinct situations and integrating it with the introduction of fresh ideas will strengthen the relationship between the company and the BoP channel firmly. Besides, it will lead to the method of co-creation and open innovation from the collaboration between the two parties that will grow into better solutions and finer practices in the future.
6.2. Social Implication

Based on our findings, an MNC which carries out CSR activities that are not just about being a green business, but also covering relevant stakeholders in a value chain especially people at the BoP can be considered as a decent role model for the global wealth firms, since it does not only seek for profits from these poor, but it also implements ways to create shared value for both sides in order to sustainably maintain this market in a long range.

The engagement between an MNC and local small businesses through the business know-how is not only for being profitable from billions of poor people, but if we look at the perspective of the BoP entrepreneurs who barely have an advanced knowledge in management, and an MNC like Unilever has a willingness to instruct them, support them in each type of marketing communication, as well as providing additional suggestion for different stores which alleviate small owners in the scattered communities to be able to operate their business afterwards, including adapting themselves for the ‘new change’ that may occur with the retail business from now on.

Hence, the entrepreneurs’ ability allows them to have better sales, attracts customers in the neighborhood, builds a good relationship by becoming a center of the community, and elevates their quality of life; thanks to a possible win-win situation arising from a sustainable business model which can become a social innovation eventually.

To summarize, the example of Unilever in this thesis may reflect only a tiny relation in the value chain, but if we zoom out and look throughout upstream to downstream activities: from material sourcing to product usage, every activity can be aligned with a sustainable approach. Nonetheless, overall social perspective is certainly not able to reach sustainability, unless the a ‘systemic change’ occurs. A single organization probably contains enough power to drive itself to turn into a role model, yet it cannot distribute sustainability to every sector. Thus, every involvement has to give its hand to make sustainability development come true through the aspect of people, profit, and planet beyond to a social norm. Eventually, we are able to answer our next generation that we do not deprive their sustainability, but we help preserve, create, and maintain it to be sufficient for them.

6.3. Future Research

First of all, we would like to suggest the future researchers to conduct the interviews with a higher number of Mom & Pop stores’ owners from the different part of the country in order to discover the different patterns of sales, different impacts from modern trade, and different attitudes of the owners. Secondly, the engagement between Unilever and Mom & Pop stores’ owners should also be analyzed in a quantitative method. Therefore, the benefit from Unilever’s new business model is able to be measured by numbers. In addition, there are several categories of businesses from foreign investors that affect local business owners in developing countries. Hence, different types of case studies are recommended to be scrutinized between the engagement of MNCs and local small businesses.
Reference Lists


Ramani, S.V. & Mukherjee, V. (2013). Can Breakthrough Innovations Serve the Poor (BoP) and Create Reputational (CSR) Techmonation, [Online], 24(5-6), 295-305.


Appendix A: Mom & Pop Stores in Thailand under the model of ‘Ran-Tid-Dow’

Appendix photo 1: Breeze detergent (Copyrights: Preawpanich Store)
Special edition of Breeze detergent (with the yellow header of ‘Special 79 baht’)
Breeze backdrop is on the background and breeze banner at the front of the shelf, saying ‘New Breeze, heavy stain can be removed in a minute’

Appendix photo 2: Detergent products from the different Unilever (Copyrights: Preawpanich Store)
Detergent products from the different Unilever brands are organized together with the banners communicating each kind of promotion to attract customers

Appendix photo 3: Line Pay account of Preawpanich Store (Copyrights: Preawpanich Store)
In Thailand, ‘Line’ is one of the most popular social media in the country which allows the trustworthy store to have official account in order to serve customers anywhere in a real time through the online store via ‘Line’ platform as well as the online payment.
By purchasing every 30 Baht, 1 star sticker is given. Collecting up to 8 stars, customers can trade them with the premiums.
Appendix photo 7 & 8:
Detergent and softener products of Unilever from Hiaku Store VS Chanapa Store

Appendix photo 9 & 10:
Personal care products of Unilever from Nong Non-Tonkaw store VS Chanapa Store
Appendix B: Interview Questions (I) – Miss X

<table>
<thead>
<tr>
<th>Date: 15-04-2017</th>
<th>Time: 4.00 hr. (Sweden) or 9.00 hr. (Thailand)</th>
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<tbody>
<tr>
<td>Interviewer:</td>
<td>Position:</td>
</tr>
<tr>
<td>Siriwimon Thorngmun</td>
<td>Master of Marketing student, Karlstad University</td>
</tr>
<tr>
<td>Interviewee:</td>
<td>Position:</td>
</tr>
<tr>
<td>Miss X</td>
<td>Sales Executive, Unilever Thai Trading</td>
</tr>
</tbody>
</table>

Questions

1. What is your position now at Unilever, what do you do, and how does your job description relate to the local small businesses or mom and pop stores' owners?

2. As we know that Unilever has tried its best to follow the USLP or Unilever Sustainable Living Plan with every involved sector. Plus, they have a master project relating to these local small businesses which is called ‘Ran-Tid-Dow’ or ‘Unilever Platinum Store’ in order to apply the sustainable approach in executing small retail business. Can you please tell us the story about it?

3. What about the arrival of modern trades? Does it a part of 'Ran-Tid-Dow' implication from Unilever as well?

4. We know that Mom & Pop stores have played a big role in Thai retail business in a very long time, how important Mom & Pop stores are?

5. As Unilever are not seeing these Mom & Pop stores which are going to join 'Ran-Tid-Dow' just to increase the sales, but does it actually help develop the strength and sustainability of the value chain?

6. How Ran-Tid-Dow program can be beneficial for Mom & Pop stores, how does Unilever actually help them?

7. How does Unilever enhance Ran-Tid-Dow to be more efficient?

8. Does the new knowledge management help the store owners to have less deadstock?

9. Is there any other opportunity for the stores to earn besides from selling Unilever products? Does the company guide them about any other idea?

10. As I have heard that Unilever expect to have more ‘Ran-Tid-Dow’ up to 20,000 stores in Thailand, from the interview of Head of Sustainable Business and Communications on Business News Room Program, then do you think how will Unilever cope with it?

11. And if one is interested in joining ‘Ran-Tid-Dow’, will he or she can sell products from other brands? Is there any restriction about it?

12. ‘Ran-Tid-Dow’ does not only contribute the benefits to Unilever, but will every brand be encouraged, even OTOP which are the local products?

13. Is there any negative side after being a partnership with Unilever through Ran-Tid-Dow?
Appendix C: Interview Questions (II) – Miss Y

<table>
<thead>
<tr>
<th>Date:</th>
<th>15-04-2017</th>
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<tr>
<td>Interviewer:</td>
<td>Siriwimon Thorngmun</td>
<td>Position:</td>
<td>Master of Marketing student, Karlstad University</td>
</tr>
<tr>
<td>Interviewee:</td>
<td>Miss Y</td>
<td>Position:</td>
<td>Marketing &amp; Sales Operating – Supply Planner Unilever Thai Trading</td>
</tr>
</tbody>
</table>

Questions

1. As I knew that you are one of the staff who does not relate to sales team directly, but you are actively join the field activity with sales team frequently, so can you share us a story about what your experience?

2. Can you give an example of the activity that you have joined, especially if it relates to the local small businesses like Mom & Pop stores?

3. How many stores have you visited that day? And what did you do during the visiting?

4. What do you think about the engagement between the owners and customers? And how do you feel about it?

5. What about the cross-functional working knowledge, do you also think that you can obtain from this activity as well?

6. Do you think that U-Town activity is useful for Unilever and the local small businesses?

7. What about this year's activity? Do you think that there will be something useful and contribute to the different customers as well?
Appendix D: Interview Questions (III) – Stores’ Owners A & B

| Date:       | 13-04-2017 (Store A) |
|            | 14-04-2017 (Store B) |
| Time:      | 10.20 hr (Thailand)  |
|            | 11.30 hr (Thailand)  |
| Interviewer: | Jutatip Cheawchan |
|            | Varamon Janpaichit   |
| Position:  | Group’s Representative |
| Interviewee: | Store’s owner A |
|            | Store’s owner B      |
| Position:  | Store’s owner        |
|            | Store’s owner        |

1. Can you tell us the history about your stores?
2. How is the business before and after convenient stores are opened in this neighbourhood?
3. Before Ran-Tid-Dow is introduced, do you consider about any idea to survive from the rapid growth of modern trade?
4. What is the prominent point that makes you believe that Mom & Pop store can be inferior than convenient store?
5. Are there any different ways of selling products to your customers? If so, how do you manage them?
6. Why do you choose to join Ran-Tid-Dow program? And how are the results after being a partnership with Unilever?
7. Do you have any special idea to make your store distinct from the convenient stores or any other competitors? (e.g. having social network account, selling specific/special items)
This is the last page of the thesis. Please note that it is a blank without visible pagination. This is easily arranged by a preceding "even page section break". The function "Link to preceding section" is closed in this section footer. Any comments on this template should be mailed to the course coordinator.