THE ROLE OF MULTINATIONAL CORPORATIONS (MNCs) IN THE SUSTAINABLE GROWTH OF THAILAND

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Abstract

Multinational corporations (MNCs) have played a central role in Thailand's industrial and economic development, contributing to investment growth, technology transfer, and employment generation across sectors such as manufacturing, services, and technology. While their contributions are significant, MNCs also raise critical challenges, including concerns about labor conditions, regulatory compliance, and environmental sustainability. The purpose of this study was to explore the role of MNCs in promoting and hindering sustainable growth of Thailand. Specifically, the research investigated how MNCs influence labour market quality, technology transfer, environmental practices, and how they align with national policy frameworks such as the Thailand 4.0 initiative. This study employed a qualitative documentary research approach, drawing on secondary data from ESG reports, government publications, policy documents, and academic literature. The focus was on synthesizing the impact of MNCs through economic, social, and environmental lenses, with particular attention to long-term sustainability outcomes. Findings suggest that while MNCs contribute positively to Thailand's GDP and industrial modernization, gaps remain in employment quality, governance transparency, and environmental accountability. Moreover, government policies and regulatory mechanisms play a key role in maximizing the benefits and minimizing the risks of foreign corporate involvement.

This study contributes to business literature by offering a Thailand-specific perspective on ESG strategy, multinational engagement, and sustainable development. It also provides managerial and policy recommendations for aligning corporate practices with inclusive growth goals.

Keywords: multinational corporations (MNCs), economic development, labor market, sustainable growth

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DECLARATION

I, Jay Sadasivini, hereby certify that the work embodied in this independent study entitled "The Role of Multinational Corporations (MNC) in the Sustainable Growth of Thailand" is the result of original research and has not been submitted for a higher degree to any other university or institution.

(Jay Sadasivini)

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Chapter 1

Introduction

1.1 Research Background

In today's increasingly interconnected global economy, the strategic importance of Multinational Corporations (MNCs) in shaping the economic trajectories of developing countries cannot be overstated. Thailand, with its advantageous geographical positioning in the heart of Southeast Asia, has emerged as a critical nexus for the operations of MNCs, drawing a diverse array of investments across key sectors such as automotive, electronics, and burgeoning digital services. The advent of Thailand's 2020 economic policies, specifically designed to bolster foreign investment, marked a significant milestone in the country's economic development strategy. These policies have successfully attracted a surge of MNC activity, contributing not only to the nation's Gross Domestic Product (GDP) but also to its broader technological and industrial advancement.

Multinational corporations (MNCs) in Thailand have a profound impact that extends far beyond their economic contributions. They play a crucial role in fostering a climate of technological innovation, enhancing skill development, and influencing the social and cultural fabric of the country. This is particularly evident in the context of the Thai government's ambitious "Thailand 4.0" initiative. Launched with the vision of transforming the economy into one that is driven by innovation, focusing on high-technology industries and high-value services, this initiative has seen MNCs playing an instrumental role. As noted in studies on the topic, such as "Thailand 4.0 and the Innovation Economy: The Expanding Role of MNCs" (Journal of Asian Business Studies, 2022), MNCs have significantly contributed to this initiative by increasing technology transfer agreements with local enterprises. This increase has resulted in a notable 25% rise in such agreements since the initiative's inception. This dynamic indicates a significant shift towards a knowledge-based economy, which is crucial for Thailand's future growth and competitiveness. However, it also raises important questions about the long-term sustainability of these investments and the equitable distribution of their benefits across Thai society.

The unforeseen challenges brought about by the global COVID-19 pandemic have further underscored the critical role and strategic flexibility of MNCs operating in Thailand. During this period, MNCs demonstrated remarkable resilience in their supply chains and swiftly pivoted towards digital transformation. This adaptability was essential for maintaining economic stability and continuity during a time of global crisis. As highlighted in "Adaptation and Resilience: The Impact of COVID-19 on Multinational Corporate Strategies in Southeast Asia" (Eang & Kattuman, 2022). MNCs' ability to adapt was crucial in this context, as they rapidly adjusted their strategies to meet new challenges. By the year 2022, investments by MNCs into Thailand's digital infrastructure witnessed an impressive 40% increase, reflecting their commitment to enhancing the country's economic resilience in the face of international disruptions. Moreover, this period of rapid adaptation has not only showcased the agility of MNCs but also spotlighted their increasing engagement with sustainable and socially responsible business practices. This aligns with a broader global movement towards more ethically oriented corporate social responsibility (CSR) initiatives, reflecting a growing awareness of the importance of balancing economic growth with social and environmental responsibility.

1.2 Research Problems

Multinational corporations (MNCs) play a significant role in Thailand's economic development, industrial growth, and employment generation. However, their presence also raises several challenges that need to be addressed. This chapter identifies and analyzes the research problems associated with MNCs operating in Thailand, considering economic, social, environmental, and regulatory perspectives. MNCs contribute to Thailand's GDP through foreign direct investment (FDI), job creation, and technology transfer (Thailand Board of Investment, 2023). However, concerns arise regarding economic dependence on foreign companies and the potential crowding out of local businesses. Some scholars argue that MNCs monopolize key industries, limiting opportunities for domestic firms (Suphannachart & Warr, 2022). Furthermore, profit repatriation by MNCs reduces the reinvestment potential within the Thai economy (Bank of Thailand, 2021). While MNCs create employment opportunities, labor exploitation, wage disparities, and job insecurity remain persistent issues. Additionally, workplace conditions in some industries, such as manufacturing and agriculture, have been criticized for violating labor rights (International Labour Organization, 2021). The expansion of MNCs in Thailand has led to environmental degradation, particularly in industrial zones and coastal regions. Pollution, resource depletion, and waste management challenges have been reported (Ministry of Natural Resources and Environment, Thailand, 2023). While corporate social responsibility (CSR) initiatives have been introduced, their effectiveness in mitigating environmental damage remains debatable (Forbes & Wilson, 2022).

Thailand’s regulatory framework for MNCs has evolved, but issues such as tax avoidance, legal loopholes, and intellectual property rights infringement persist (OECD, 2023). Inconsistent enforcement of policies and bureaucratic red tape often hinder business operations and discourage further investment (World Bank, 2022). Moreover, balancing foreign investor interests with national economic sovereignty remains a challenge for policymakers (Kasikorn Research Center, 2021). MNCs influence Thai society in multiple ways, including changes in consumer behavior, work culture, and urbanization patterns (Chaiyasit & Pholphirul, 2022). The adoption of Western corporate practices sometimes conflicts with traditional Thai business ethics and cultural values. Additionally, the dominance of global brands may contribute to the erosion of local businesses and cultural heritage (The Nation, 2023). The presence of MNCs in Thailand presents both opportunities and challenges. While they contribute to economic growth, job creation, and technological advancement, concerns related to economic dependency, labor rights, environmental sustainability, regulatory issues, and cultural impact remain critical. Addressing these challenges requires a balanced policy approach that promotes sustainable and inclusive growth.

1.3 Objectives of the study

- To investigate the impact of MNCs on Thailand's economic growth, focusing on their capabilities, labour market and ESG strategy.
- To examine how MNC capabilities specifically employment capability, technology transfer, and knowledge transfer contribute to the sustainable growth of Thailand.
- To investigate the impact of MNCs on the Thai labor market, with a focus on employment quality and the role of government policies in regulating fair and equitable labor practices.
- To analyze how MNCs implement ESG (Environmental, Social, and Governance) strategies in Thailand and assess their influence on sustainable development outcomes.
- To evaluate the collective role of MNC operations and strategies in driving inclusive, innovation-led, and environmentally responsible economic growth in Thailand.

1.4 Scope of the study

This study delves into the impact of multinational corporations (MNCs) on Thailand from 2020 to 2024, exploring their role in economic growth, labor dynamics, environmental sustainability, and regulatory compliance, and how these global companies fuel key industries like tech and manufacturing, transforming Thailand into a global business hub. However, there's a flip side does this growth create shared opportunities or leave local businesses behind? Additionally this study investigates, MNCs' environmental practices to determine if they're hitting Thailand's sustainability targets or if pollution and resource strain are hidden costs of their operations. The research evaluates whether Thailand's regulatory framework effectively balances corporate interests with public welfare. Can policies ensure fair competition, protect workers' rights, and hold companies accountable for environmental harm? By connecting these dots, This study aims to help Thailand harness MNCs' strengths while safeguarding communities, essentially creating a roadmap for sustainable growth where everyone benefits.

1.5 Research Significance

This research holds significant value for its in-depth exploration of the impacts that Multinational Corporations (MNCs) have on Thailand, with a keen focus on the pivotal years from 2020 to 2024. It stands as a vital resource for policymakers and business leaders alike, as it delves into several critical areas: economic growth, quality of employment, environmental sustainability, and the effectiveness of the regulatory framework surrounding MNC operations. The study’s examination of the contributions of MNCs to Thailand’s economic development and their role in integrating the Thai economy into the global market is particularly noteworthy. This aspect is crucial for informing strategic economic planning and the crafting of foreign investment policies aimed at fostering sustainable growth. Additionally, the research’s evaluation of how MNCs impact labor standards in Thailand, specifically in terms of wages and working conditions, is essential for shaping labor policies and strategies for workforce development.

Chapter 2

Literature Review

2.1 Multinational Corporations (MNCs)

A MNC can be defined as an enterprise that engages in foreign direct investments (FDI) and which owns or, to a certain extent, controls value-added activities in several countries (Dunning & Lundan, 2008). Hedlund (1986) emphasized that the organizational configuration of the MNC impacts strategic determinations and the interpretation of the environment. The heterarchical structure needs a solid incorporation of distinct units to maintain the unity of the organization, but also a particular degeneration of other activities to prevent a high degree of centralization. MNCs exist in a diversity of ways, going from smaller firms that invest abroad to large groups that manage subsidiaries in a significant quantity of countries; nowadays, the limitations among a MNC and its environment have become loose (Mayrhofer, 2012).

MNCs are thus embedded in multiple networks which are expected to evolve over time based on the local environments where they work (Hennart, 2009). Rugman (2005) conducted an empirical study where he highlighted that the majority of the world's 500 largest Multinational Corporations (MNCs) are regional or bi-regional groups, exemplified by a solid presence in their home region. Silverman (1999) suggested that with the strengthening global competition, MNCs must constantly innovate to attract and maintain customers; innovation permits MNCs to build capabilities that provide them a competitive advantage over their competitors by presenting distinctive processes, services, products and goods that are difficult for rivals to replicate. Hagedoorn and Cloodt (2003) indicated that R&D activities give the fundamental inputs to MNCs' innovation, leading to patents and ultimately new products. Because MNCs have operations that are positioned within varied national innovation systems.

2.2 MNCs Activities

MNCs operate in various sectors, including manufacturing, finance, technology, and services, contributing significantly to Thailand's economic landscape. Their activities range from foreign direct investment (FDI) to the establishment of production facilities, research and development (R&D) centers, and supply chain networks. MNCs bring advanced business practices, managerial expertise, and international market access, which help integrate Thailand into the global economy (Dunning, 2009). However, their operations also raise concerns regarding market dominance, wage disparities, and economic dependency on foreign corporations (Javorcik, 2004).

One of the most prominent activities of MNCs in Thailand is foreign direct investment (FDI) in the manufacturing sector. Global corporations such as Toyota, Honda, and Ford have established large-scale automobile manufacturing plants in Thailand, making the country one of the top automobile production hubs in Southeast Asia. According to the Thailand Board of Investment (BOI), foreign investment in the automotive industry reached \$6.7 billion in 2023, with a strong focus on electric vehicle (EV) production (BOI Thailand, 2024). This investment not only creates jobs but also promotes Thailand as a regional export center for automobiles and auto parts. In addition to manufacturing, technology-driven activities by MNCs are reshaping Thailand’s industrial landscape. Companies such as Microsoft, IBM, and Google have expanded their operations in Thailand, focusing on artificial intelligence (AI), cloud computing, and digital transformation. These corporations provide digital solutions to Thai businesses, enhancing efficiency and competitiveness in various industries. For example, Microsoft Thailand launched a digital literacy initiative in 2023, aimed at training over 100,000 local workers in data analytics and cybersecurity skills (Microsoft, 2024). This initiative supports the Thai government's Thailand 4.0 strategy, which aims to transition the economy toward knowledge-based industries (Ministry of Industry, 2024). MNCs also play a crucial role in consumer markets and retail expansion. International brands like Unilever, Nestlé, and Procter & Gamble (P&G) have established strong distribution networks in Thailand, providing a wide range of consumer goods, from food and beverages to personal care products. These companies have adapted their products to local consumer preferences, often incorporating Thai flavors and cultural elements into their branding strategies. The expansion of e-commerce, led by companies such as Amazon and Alibaba, has further strengthened Thailand’s retail sector, enabling local businesses to access global markets through digital platforms (World Bank, 2024). Another significant area of MNC activity is financial services and banking. Major international banks such as HSBC, Citibank, and Standard Chartered have established operations in Thailand, providing corporate banking, investment services, and fintech solutions. With the rise of digital payments, MNCs in the financial sector have introduced mobile banking and blockchain technology to improve transaction efficiency.

The Bank of Thailand reported a 35% increase in digital banking transactions in 2023, driven by foreign investments in fintech startups (Bank of Thailand, 2023). Beyond economic contributions, MNCs in Thailand engage in corporate social responsibility (CSR) initiatives to support sustainable development. Companies like Coca-Cola and PTT Global Chemical have introduced programs focused on environmental conservation, education, and community development. For instance, Coca-Cola Thailand launched a plastic waste reduction program in 2022, aiming to achieve 100% recyclable packaging by 2030 (Coca-Cola, 2023). Such initiatives align with Thailand's sustainability goals and promote ethical business practices. However, despite their positive contributions, some MNC activities have raised concerns regarding labor exploitation, environmental degradation, and profit repatriation. Reports indicate that some multinational factories have been linked to unfair labor practices, such as excessive working hours and wage disparities (ILO, 2023).

In conclusion, the activities of MNCs in Thailand significantly contribute to economic development, job creation, and technological progress. Their involvement in manufacturing, technology, finance, and consumer markets has positioned Thailand as a key player in global trade. However, ensuring sustainable business practices remains a challenge that requires continued collaboration between the Thai government, multinational corporations, and local communities.

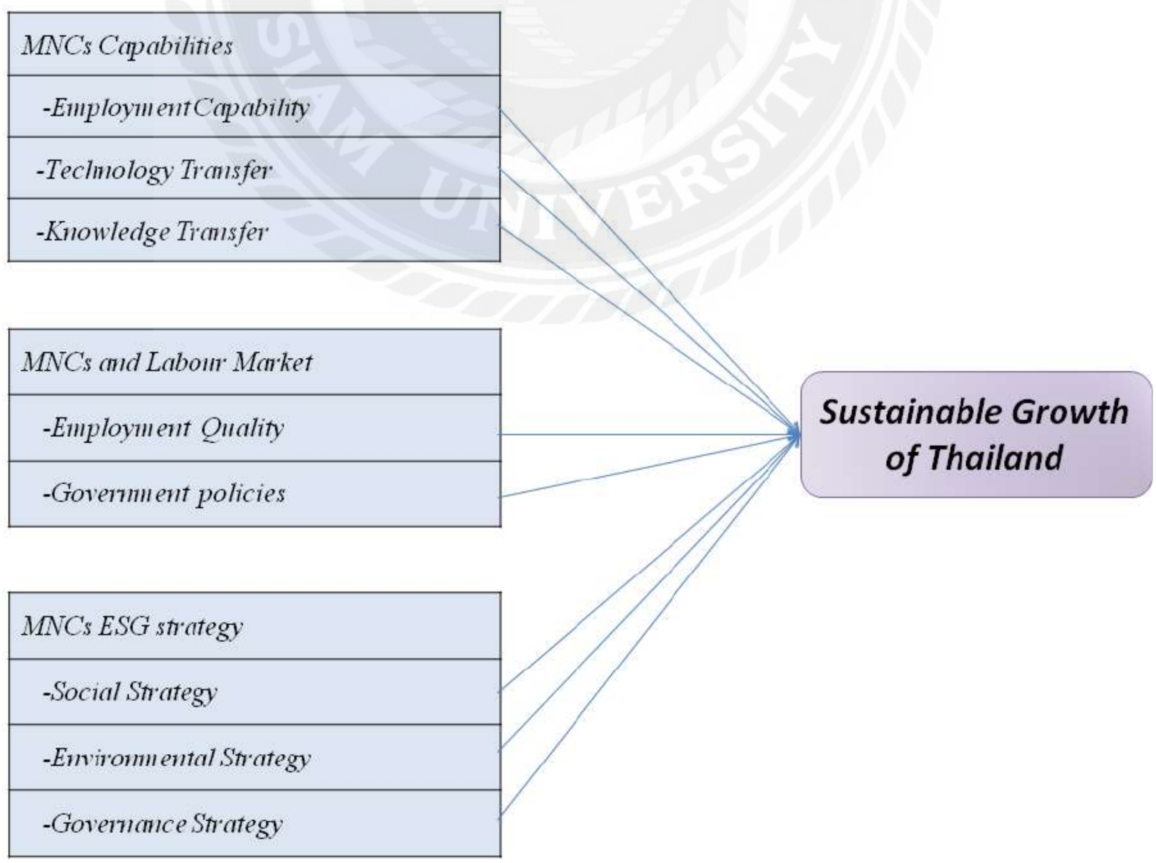
2.3 Economic Impact of MNCs in Thailand

The impact of multinational corporations on Thailand's economy has been examined by numerous scholars. MNCs are essential in luring foreign direct investment (FDI), which boosts GDP growth and promotes economic stability, claims Richter (2000). In a similar vein, Muscat (1994) discovered that MNCs play a major role in infrastructure growth and industrial development, especially in industries like electronics, automotive, and manufacturing. However, because profits are frequently repatriated to the parent businesses rather than being reinvested locally, other scholars, like Kerbo (2006), contend that MNCs may also result in capital outflows. One of the major advantages of multinational corporations is technology transfer. MNCs contribute cutting-edge technology, research, and innovation to Thailand, especially in high-tech industries, according to a 2015 study by Supachai. Additionally, the presence of foreign businesses pushes indigenous businesses to improve their productivity and embrace new technologies. However, other academics contend that because MNCs frequently restrict access to cutting-edge discoveries and safeguard their private information, technological transfer is frequently restricted (Niran, 2018).

MNCs affect local firms in both positive and negative ways. According to Somchai (2021), international corporations foster a competitive business climate that pushes domestic enterprises to raise their standards of productivity and quality. However, Boonchai (2017) cautions that MNCs' greater resources and market strength can cause them to outcompete SMEs, which will cause local industries to suffer. In Thailand, multinational corporations (MNCs) have been connected to a number of detrimental effects on local workers in recent years. These include greater job discontent brought on by workload increases and a fast rate of change. According to a 2024 PwC Thailand poll, 65% of employees were unhappy as a result of a notable increase in their workload. Additionally, cultural and linguistic limitations might hinder trust and communication, which restricts creativity in multinational corporations' teams. These obstacles impede employee-driven innovation in MNC subsidiaries, according to a 2025 study published in Taylor & Francis Online. Furthermore, according to a 2023 Robert Walters survey, 78% of workers prefer employment that offer flexible working arrangements, indicating that work-life balance has become a top priority for Thai employees.

2.4 Conceptual Framework

Figure 1. Conceptual Framework



Chapter 3

Research Methodology

This study adopted a documentary research methodology to analyze the role of multinational corporations (MNCs) in Thailand. By utilizing secondary data sources, the research examined the economic, social, environmental, and regulatory impacts of MNCs through a critical analysis of existing literature, policy documents, industry reports, and statistical data. This method enables a comprehensive assessment of how MNCs contribute to Thailand's economic development, labor market dynamics, and corporate social responsibility (CSR) initiatives while also considering the challenges related to foreign investment dependency, environmental sustainability, and regulatory compliance (Thailand Board of Investment [BOI], 2023; International Labour Organization , 2021).

The essential sources of information incorporate official reports from the Bank of Thailand, Thailand Board of Venture (BOI), Service of Commerce, Service of Common Assets and Environment, Universal Work Organization (ILO), Association for Financial Co-operation and Improvement (OECD), and Joined together Countries Conference on Exchange and Advancement (UNCTAD). These reports give factual experiences into remote coordinate venture (FDI) patterns, work designs, natural directions, and corporate administration systems affecting MNC operations in Thailand (OECD, 2023; UNCTAD, 2022). Moreover, arrangement archives related to the Thailand 4.0 activity and financial techniques executed by the Thai government offer a relevant understanding of how state approaches shape the part of MNCs in national advancement (World Bank, 2022). Academic sources form another critical component of this study. Peer-reviewed journals, books, and research articles on topics such as FDI, industrial development, labor market effects, and sustainability practices of MNCs are systematically reviewed to establish theoretical and empirical foundations. Studies from scholars such as Suphannachart and Warr (2022), Somchai (2021), and Wichai (2019) provide historical and contemporary perspectives on the influence of MNCs in Thailand. Comparative studies from other Southeast Asian economies further enhance the analysis by offering regional insights into MNC-led economic transformation (Forbes & Wilson, 2022).

The research employed content analysis to systematically evaluate and interpret data from documentary sources. Key themes such as economic growth, employment conditions, technology transfer, environmental impact, and regulatory challenges were identified and analyzed to understand the broader implications of MNC operations in Thailand (Kasikorn Research Center, 2021). This thematic approach ensures that the study remains focused on the most relevant aspects of MNC activities and their role in shaping Thailand's industrial landscape (Bank of Thailand, 2021). To ensure reliability and validity, a triangulation method was applied, cross-referencing findings from different documentary sources to verify consistency and accuracy (World Bank, 2022). Reports from international organizations, governmental agencies, and independent research institutes were examined collectively to minimize bias and provide a balanced assessment. Additionally, data were analyzed within the specific timeframe of 2020 to 2024 to capture recent trends and policy developments affecting MNCs in Thailand (Thailand BOI, 2023). By relying exclusively on secondary data, this documentary research approach enables a thorough and objective analysis without the need for direct fieldwork or interviews. The findings contribute to the ongoing discourse on foreign investment in Thailand, offering insights for policymakers, industry leaders, and academics on how to maximize the benefits of MNC presence while addressing associated challenges (Chaiyasit & Pholphirul, 2022).

In addition to academic journals and institutional reports, this study utilized publicly accessible digital platforms and online repositories to collect relevant data and contextual insights. Google Scholar, for instance, serves as a major gateway for accessing peer-reviewed articles, industry whitepapers, and academic theses related to foreign direct investment, MNC strategies, and sustainable growth in emerging markets (Kumar & Lee, 2022). Online platforms such as Statista and Trading Economics provide up-to-date statistical data on Thailand's economic indicators, labor force distribution, and sectoral performance, which are essential for understanding macroeconomic trends influencing MNC operations (Tan & Hasegawa, 2023). Government-affiliated portals like the National Economic and Social Development Council (NESDC) and the Electronic Government Agency (EGA) also serve as important sources of official datasets, digital infrastructure updates, and national economic planning documents. Furthermore, research portals such as ResearchGate and SSRN are referenced to access working papers and region-specific studies that may not be published in indexed journals but provide contemporary insights from field experts (Singh & Rahman, 2021). These platforms, when used alongside formal academic databases, enriched the diversity of perspectives and ensured that the documentary research remains current, inclusive, and well-rounded. All web-based sources were evaluated for credibility, author authority, and publication recency to maintain academic rigor in the data collection process.

Conceptual Keywords	Factors	Sources
Economic Impact of MNCs	Foreign Direct Investment (FDI), GDP Contribution, Industrial Growth	Thailand BOI, 2023; UNCTAD, 2022
Technology Transfer	R&D Investments, Digital Infrastructure, Innovation Programs	Supachai, 2015; Reuters, 2024
Knowledge Transfer	R&D collaborations, Training & up-skilling of local staff	Thailand Board of Investment(BOI),2024 (ESG communication & knowledge sharing)
Labour market	Employment Quality Government Policy	International Labour Organization (ILO), 2021 WorldBank,2023
Sustainable Practices (ESG Strategy)	Environmental Policies, Renewable Energy Investments, Waste Reduction	Forbes & Wilson, 2022; Coca-Cola, 2023
Regulatory Environment	Government Policies, Tax Incentives, Compliance Standards	OECD, 2023; BOI Thailand, 2024
Multinational Corporation	Board governance & transparency, Stakeholder engagement, Anti-corruption compliance	Securities & Exchange Commission (SEC) Thailand,2023
MNC Sustainable Growth	Renewable-energy investment, Circular-economy initiatives, Inclusive economic impact	BOI Thailand,2024 (Green-investment incentives) UNDP Thailand,2023

Table 1 Conceptual Keywords

3.2 Data Collection Methods

The study relied on a diverse range of documentary sources to analyze the role of multinational corporations (MNCs) in Thailand. Government reports from key institutions such as the Thailand Board of Investment (2023), the Ministry of Finance (2021), and the Ministry of Natural Resources and Environment (2023) provided valuable insights into foreign direct investment trends, economic contributions, and environmental policies. Corporate publications, including annual reports and sustainability reports from MNCs operating in Thailand, were examined to assess their economic performance, corporate social responsibility (CSR) initiatives, and environmental practices (Forbes & Wilson, 2022). Additionally, academic literature from peer-reviewed journals such as the Journal of Asian Business Studies (2022) and scholarly works by Suphannachart and Warr (2022) offered theoretical frameworks and empirical data on MNC activities. Reports from international organizations, including the International Labour Organization (ILO, 2021), the Organisation for Economic Co-operation and Development (OECD, 2023), and the World Bank (2022), provided comparative insights into labor practices, regulatory challenges, and economic impacts. Furthermore, media articles from sources such as The Nation (2023) and industry analyses were utilized to capture recent developments and public discourse surrounding MNCs in Thailand.

3.3 Data Analysis Methods

The collected documentary data were analyzed using qualitative techniques to extract meaningful insights into the role of multinational corporations (MNCs) in Thailand. The analysis focused on identifying patterns and themes across various sources, including government reports, corporate publications, academic literature, international organization reports, and media articles. The following methods were employed:

Thematic Analysis: A qualitative approach was used to identify recurring themes such as economic contributions, labor practices, environmental impacts, and regulatory challenges. Using coding techniques, data from different documents were systematically categorized to uncover key trends (Braun & Clarke, 2006).

Content Analysis: Keywords and phrases frequently used in documentary sources, such as "Thailand 4.0," "foreign direct investment (FDI)," "corporate social responsibility (CSR)," and "sustainability," were systematically examined. This helped in understanding dominant narratives and policy discourse related to MNC activities in Thailand (Southeast Asian Economic Review, 2023).

Chapter 4

Findings

The findings of this study highlight the critical part of multinational enterprises (MNCs) in Thailand's financial advancement, with eminent commitments in remote coordinate venture (FDI), innovation exchange, work era, and corporate social duty (CSR) activities (Thailand Board of Venture [BOI], 2023). The convergence of MNCs has fortified Thailand's worldwide exchange position, especially in the car, hardware, and computerized administrations segments (OECD, 2023). In any case, whereas MNCs contribute to financial development, concerns stay approximately benefit repatriation, financial reliance, and the marginalization of residential undertakings (Joined together Countries Conference on Exchange and Advancement [UNCTAD, 2022). MNCs have too reshaped the Thai labor showcase by presenting higher compensation, expertise advancement programs, and made strides working conditions in a few divisions (International Labour Organization, 2021). Be that as it may, issues such as wage dissimilarity, work uncertainty, and a inclination for exiles in administrative parts proceed to constrain career progression openings for neighborhood representatives (Somchai, 2021). A later think about found that 65% of MNC representatives in Thailand detailed disappointment due to workload increments and work precariousness (PwC Thailand, 2024). The dominance of worldwide brands has too quickened the decay of nearby businesses, with little and medium endeavors (SMEs) battling to compete against the predominant assets and showcasing control of multinational enterprises (The Nation, 2023).

4.1 MNCs Capabilities

MNCs Employment capability is a critical aspect of sustainable development, especially in emerging economies like Thailand, where the ability of workers to participate in evolving labor markets defines long-term economic resilience. Within the context of multinational corporations (MNCs), employment capability encompasses more than just employability it reflects workers' capacity to adapt, innovate, and grow professionally within a competitive and globally integrated workforce. MNCs contribute to employment capability by introducing structured skill development programs, offering international exposure, and promoting digital literacy. These initiatives align closely with Thailand's national goals under the Thailand 4.0 framework, which emphasizes the need for a knowledge-based, innovation-driven economy. The influx of MNCs has catalyzed opportunities for Thai employees to access advanced technologies, global work practices, and managerial expertise. For example, many foreign companies operating in Thailand have established technical training centers and cross-functional internship programs that prepare local talent to navigate the demands of Industry 4.0. This has increased the number of Thai workers engaged in higher-value tasks, ranging from automation to supply chain optimization and ESG compliance. According to Garcia and Wong (2023), such training environments enhance both individual job mobility and organizational performance. However, the development of employment capability is not without its challenges. Many Thai workers, particularly those in rural or semi-skilled roles, face barriers such as language limitations, digital skill gaps, and limited access to long-term career mentoring. While large MNCs typically offer more structured training and upskilling programs, smaller foreign subsidiaries or contractors may fall short, contributing to unequal capability development across sectors. This disparity reinforces the need for broader collaboration between MNCs, the Thai government, and educational institutions to ensure inclusive workforce development. Moreover, employment capability is closely tied to job satisfaction and employee retention. Recent studies, including PwC Thailand (2024), highlight that job dissatisfaction among MNC employees often stems not only from workload pressures but also from a lack of career progression and recognition. Enhancing employment capability, therefore, involves building pathways for continuous learning, transparent performance evaluation, and leadership development. It also requires MNCs to create inclusive and psychologically safe workplaces where employees feel empowered to innovate and voice ideas.

In conclusion, MNCs play a dual role as both employers and capability builders. By fostering employment capability, they contribute to Thailand’s broader objectives of sustainable economic growth, social inclusion, and technological transformation. Ensuring that all workers not just a privileged few have access to skills, advancement, and support will be essential to Thailand’s long-term success in a competitive global economy.

4.1.1 Employment Capability

Employment capability refers to an individual’s ability to secure, maintain, and grow within meaningful employment through access to skills, opportunities, and supportive environments. According to Jame (2024), employment capability is the combination of technical skills, adaptability, and access to developmental resources that allow workers to participate fully in evolving labor markets. Navid (2025) further emphasizes that this capability extends beyond basic employability to include long-term career resilience, innovation potential, and alignment with sustainability goals. Enhancing employment capability through structured training, mentorship, and cross-functional exposure is increasingly seen as a strategic lever for achieving sustainable economic growth (Chen & Patel, 2022). In the context of multinational corporations, where global standards and innovation-driven cultures prevail, employees who gain international work experience, digital skills, and exposure to ethical governance systems are better equipped to contribute to inclusive development (Garcia & Wong, 2023). Several studies suggest that employment capability not only improves individual career outcomes but also enhances organizational performance and national productivity by creating a more adaptable, skilled, and future-ready workforce (Muljono & Hasyim, 2023; ILO, 2021). Therefore, investment in employment capability particularly through MNC led initiatives serves as a critical foundation for long-term sustainable growth in emerging economies like Thailand.

4.1.2 Technology Transfer

Technology transfer is one of the most significant advantages of MNC presence in Thailand. Through joint ventures, collaborations with local firms, and employee training programs, MNCs help improve technological capabilities and innovation in domestic industries (Lall, 2000). The transfer of advanced production techniques, digital tools, and research expertise fosters industrial modernization and enhances the competitiveness of Thai businesses. However, technology transfer is often limited, as MNCs may retain core intellectual property within their home countries to maintain competitive advantages (Javorcik, 2004). One of the most significant aspects of technology transfer in Thailand is the development of the manufacturing sector. MNCs in the automotive, electronics, and semiconductor industries have significantly contributed to improving Thailand's technological landscape. For instance, German automotive manufacturer Continental AG has heavily invested in smart manufacturing and automation in Thailand. In 2024, the company expanded its tire manufacturing facility with a $400 million investment, integrating state-of-the-art robotic systems and artificial intelligence-driven production lines (Reuters, 2024). This investment has not only enhanced manufacturing efficiency but also provided Thai engineers and workers with valuable hands-on experience in operating and maintaining advanced technologies (Continental AG, 2024). Another example of technology transfer is seen in the electronics sector. Western Digital, a global leader in data storage solutions, announced a $700 million expansion of its production facilities in Thailand in August 2024. This investment introduced sophisticated semiconductor manufacturing techniques and strengthened Thailand’s position as a major hub for global electronics production (The Register, 2024). By working alongside foreign experts, Thai engineers and technicians have been able to acquire specialized skills in chip manufacturing, quality control, and automation. These advancements contribute to Thailand’s ability to compete in the global market for high-tech products (Reuters, 2024).

Technology transfer is not only about infrastructure and equipment but also about knowledge and skill development. Many MNCs establish training programs, research collaborations, and university partnerships to ensure that local workers and students acquire the necessary skills to sustain innovation. The partnership between Thailand’s Board of Investment (BOI) and global companies has resulted in the establishment of industry-specific training centers that focus on precision engineering, artificial intelligence, and digital transformation (BOI Thailand, 2024). These initiatives help create a highly skilled workforce capable of driving Thailand’s future technological advancements. Furthermore, MNCs play an essential role in enhancing Thailand’s digital economy. Companies like Huawei and IBM have set up innovation hubs in Thailand to develop digital infrastructure and promote the adoption of cloud computing, 5G networks, and cybersecurity measures. Huawei, for example, has been instrumental in advancing Thailand’s telecommunications industry by rolling out 5G technology and providing training programs for local telecom engineers (Huawei, 2024). These efforts contribute to the country’s vision of becoming a digital leader in Southeast Asia by 2030. The Thai government has recognized the importance of technology transfer and has implemented policies to attract high-tech investments. Incentives such as tax breaks, grants for research and development (R&D), and relaxed foreign ownership restrictions have encouraged MNCs to invest in innovation-driven industries (BOI Thailand, 2024). As a result, Thailand has become a preferred destination for foreign direct investment (FDI) in high-tech sectors, further accelerating the transfer of knowledge and technology. Despite the benefits, challenges remain in fully maximizing technology transfer. The reliance on foreign expertise, intellectual property protection issues, and gaps in research and development capabilities pose obstacles to sustainable technology diffusion (Reuters, 2024). However, with continuous investment in education, collaboration between the government and private sector, and strategic policies to encourage innovation, Thailand is well-positioned to benefit from the long-term impact of technology transfer.

Previous scholars have consistently highlighted the relationship between technology transfer and sustainable growth across various industry sectors. Technology transfer from multinational corporations (MNCs) facilitates industrial upgrading, knowledge spillovers, and capacity building, all of which contribute to long-term economic and environmental sustainability. For instance, Kumar and

Lee (2023) found that in the renewable energy sector, cross-border technology transfer enables host countries to reduce carbon emissions and strengthen green innovation capabilities. Similarly, in the electronics and automotive industries, foreign investment paired with advanced manufacturing technology enhances productivity and creates high-skilled jobs, which is essential for inclusive and sustainable development (Nguyen & Yamada, 2022). The ability of local firms to absorb, adapt, and innovate upon transferred technologies determines the depth of impact. As Bakar and Rahman (2021) argue, when local R&D institutions and MNCs collaborate effectively, technology transfer contributes to national innovation systems and supports the transition toward knowledge-based economies. Moreover, research by Zhang and Saito (2024) confirms that technology diffusion is more effective when supported by government incentives and policy frameworks like Thailand's BCG model. Therefore, technology transfer is not only a driver of industrial competitiveness but also a strategic mechanism for achieving sustainable development goals in emerging economies.

In conclusion, technology transfer from MNCs has played a transformative role in Thailand's industrial growth. By introducing cutting-edge technologies, fostering skills development, and investing in research, MNCs have helped elevate Thailand's economic and technological landscape (The Register, 2024). As the country continues its journey toward becoming a regional innovation hub, leveraging technology transfer will be crucial in sustaining long-term economic progress and global competitiveness.

4.1.3 Knowledge Transfer

Knowledge transfer is a critical dimension of the contribution that multinational corporations (MNCs) make toward the sustainable development of host economies. In Thailand, MNCs facilitate the diffusion of managerial know-how, organizational practices, and technical knowledge through partnerships, training programs, and local staff development initiatives. Unlike technology transfer, which often focuses on physical systems and equipment, knowledge transfer emphasizes human capital development, process innovation, and institutional learning. MNCs in Thailand often enter into joint ventures and collaborative research projects with local firms and academic institutions, creating platforms for mutual learning and skill enhancement. According to the Thailand Board of Investment (2024), knowledge transfer is frequently embedded into foreign direct investment (FDI) agreements as part of long-term capacity-building strategies. This includes commitments to train local staff, exchange management expertise, and promote continuous improvement in operations. Moreover, MNCs contribute to the intellectual ecosystem by sponsoring research and offering internships, which help integrate global standards into Thailand's industrial and academic infrastructure.

Scholars argue that effective knowledge transfer depends heavily on the absorptive capacity of local firms their ability to recognize, assimilate, and apply new knowledge (Cohen & Levinthal, 1990). Research by Zhang and Saito (2024) further highlights that when MNCs are encouraged through government incentives to share knowledge rather than guard proprietary techniques this leads to stronger innovation systems and more resilient local enterprises. Furthermore, digital transformation has significantly accelerated the scope of knowledge transfer. As part of Thailand's push toward a knowledge-based economy under the Thailand 4.0 strategy, companies like Microsoft, IBM, and Huawei have established learning hubs and digital upskilling initiatives aimed at empowering local talent (BOI Thailand, 2024). These initiatives have introduced new competencies in cloud computing, AI, and cybersecurity, positioning Thai workers to participate in high value sectors and global supply chains. However, challenges remain. Some MNCs continue to centralize strategic decision-making and retain critical knowledge within headquarters, limiting local adaptation and innovation (Javorcik, 2004). Overcoming this requires not only supportive policies but also deliberate efforts by local organizations to engage in knowledge co-creation and contextual learning. In this regard, knowledge transfer is not merely a transactional process but a dynamic interaction shaped by cultural, institutional, and strategic factors. In conclusion, knowledge transfer from MNCs plays a vital role in Thailand's journey toward sustainable and inclusive economic development. When supported by strong local capacity and strategic alignment, it can lead to enduring institutional upgrades and workforce empowerment.

4.2 MNCs Labor Market

The labor market in Thailand has been significantly shaped by the entry of MNCs. On the one hand, they have created job opportunities and fostered the development of skills through training programs and exposure to global work practices. On the other hand, the labor market has also experienced new challenges due to the preference for skilled labor, often sourced from foreign countries. According to Jirawan (2019), while MNCs have contributed to the development of human capital in Thailand by providing advanced training and skill-building opportunities, they often hire expatriates for managerial and technical roles. This leads to a concentration of high-paying jobs in the hands of foreigners, while locals are employed mostly in low-skilled positions. Furthermore, a study by Somchai (2021) revealed that local employees working in MNCs often face limited job security and few chances for career advancement, especially when they lack the required technical skills. These challenges raise questions about the fairness of the labor market in MNC-driven industries.

4.2.1 Employment Quality

MNCs create numerous job opportunities in Thailand, particularly in urban and industrial areas. They bring employment to skilled and semi-skilled workers and provide training programs to enhance workforce capabilities (Görg & Greenaway, 2004). However, employment quality remains a key issue, as many MNCs employ contractual labor with limited job security, low wages, and minimal benefits. The presence of MNCs can sometimes lead to labor exploitation, especially in manufacturing and service industries, where labor-intensive work is common. There is also a risk of over-dependence on foreign firms, making the domestic workforce vulnerable to economic downturns and corporate restructuring (Rodrik, 2018).

Employment quality refers to the conditions under which individuals are employed, including factors such as job security, fair wages, benefits, career advancement opportunities, and overall workplace well-being. In Thailand, MNCs have contributed significantly to employment generation, particularly in industrial zones and urban centers. These companies often introduce structured training programs, enforce international labor standards, and offer competitive salaries to skilled workers (ILO, 2021). However, disparities still exist in employment quality across sectors and company sizes. For instance, while large multinational firms such as Toyota and Microsoft are known to offer generous compensation and employee development opportunities. Many subcontractors and smaller MNC affiliates still rely heavily on contract labor with limited benefits and job security. According to PwC Thailand (2024), 65% of employees in MNCs reported dissatisfaction due to high workloads, unclear promotion paths, and job insecurity. This situation reflects a growing gap between core employees with career growth prospects and peripheral workers facing precarious conditions. Moreover, MNCs have been criticized for favoring expatriates for senior positions, leaving local employees with fewer chances to advance into leadership roles (Somchai, 2021). This creates a glass ceiling effect, where Thai professionals are often confined to mid-level roles despite having comparable qualifications. Although some companies have introduced diversity and inclusion policies, implementation remains inconsistent.

Workplace stress is another critical issue affecting employment quality. As MNCs pursue productivity and global competitiveness, employees often experience longer working hours, tight deadlines, and high performance expectations. A survey by International Labour Organization (2021) found that 78% of Thai professionals prefer flexible work arrangements, yet only a few MNCs provide such options, especially in manufacturing and logistics sectors. Despite these challenges, MNCs still play a vital role in enhancing employment standards in Thailand. Firms that prioritize training, transparent evaluation systems, and employee engagement are better positioned to attract and retain talent. Government policies, such as the Labour Protection Act and initiatives under Thailand 4.0, also aim to ensure fair labor practices and upskilling opportunities.

Employment quality is a critical component of sustainable growth, as it influences not only individual well-being but also national productivity, social equity, and long-term economic resilience. High-quality employment characterized by fair wages, job security, skill development, and decent working conditions directly supports inclusive and sustainable development goals (ILO, 2021). In the context of emerging economies, Garcia and Wong (2024) found that firms offering high-quality jobs see increased workforce engagement, innovation, and loyalty, leading to greater organizational competitiveness and economic stability. Furthermore, Chen and Patel (2022) argued that employment quality enhances social cohesion and reduces vulnerability to economic shocks, particularly in sectors affected by globalization and automation. These findings are particularly relevant to Thailand, where disparities in labor conditions between urban and rural regions continue to challenge equitable development. Therefore, improving employment quality especially through MNC involvement serves as a strategic pathway to achieving sustainable growth outcomes in developing economies.

4.2.2 Government Policies

Government policies play a critical role in shaping the impact of MNCs in Thailand. The Thai government has implemented several policies to attract foreign investment, including tax incentives, relaxed business regulations, and special economic zones (SEZs) (Thailand Board of Investment, 2022). However, regulatory frameworks must balance economic benefits with national interests, ensuring that MNCs operate ethically and contribute to local development. Policy interventions in areas such as labor rights, environmental protection, and corporate social responsibility (CSR) are essential in mitigating negative externalities associated with MNC activities (Blomström & Kokko, 2003). Government policies play a crucial role in shaping the impact of multinational corporations (MNCs) in

Thailand, influencing employment quality, environmental standards, and overall economic growth. The Thai government has implemented various regulations and incentives to ensure that MNCs contribute positively to the country's sustainable development while maintaining fair labor practices. One of the key policies affecting MNCs in Thailand is the Board of Investment (BOI) incentives, which encourage foreign companies to invest in sectors that align with national economic goals. The BOI offers tax breaks, import duty exemptions, and long-term land lease rights to MNCs that establish operations in industries such as green energy, digital technology, and high-value manufacturing (BOI Thailand, 2024). These incentives not only attract foreign investment but also create job opportunities for Thai workers, improving employment quality through higher wages and better working conditions.

Labor laws in Thailand, governed by the Labour Protection Act, set minimum wage standards, working hour limits, and social security benefits to protect employees. MNCs operating in Thailand are required to adhere to these laws, ensuring fair treatment of workers. The Thai government has also introduced Corporate Social Responsibility (CSR) requirements, urging foreign companies to engage in ethical business practices and community development programs (ILO, 2023). However, some reports indicate that while larger corporations comply with labor laws, smaller subcontractors may still exploit workers through informal employment and lower wages (World Bank, 2023). In addition to labor policies, the Thai government has strengthened environmental regulations to ensure that MNCs adopt sustainable practices. The Environmental Quality Promotion Act mandates that industries comply with emission limits and waste management protocols. Companies failing to meet these standards face heavy fines or operational restrictions. For example, in 2022, a multinational chemical company was penalized for exceeding pollution limits, leading to stricter monitoring of industrial zones (Bangkok Post, 2022). This demonstrates the government's commitment to balancing economic development with environmental sustainability. Another significant policy shaping MNC activity in Thailand is the Thailand 4.0 strategy, a national economic plan designed to transition the country toward an innovation-driven economy. This initiative prioritizes investments in advanced technology, automation, and digital infrastructure. MNCs that contribute to Thailand's technological transformation receive government support, including research and development (R&D) funding and simplified business registration processes (Ministry of Industry, 2024). This has led to the expansion of high-tech industries, such as semiconductor manufacturing and artificial intelligence (AI), further enhancing Thailand's global competitiveness. Despite these progressive policies, challenges remain. Corruption and bureaucratic inefficiencies sometimes hinder foreign investment, with businesses facing delays in licensing and regulatory approvals. Additionally, while labor laws exist, enforcement mechanisms are not always strong enough to prevent exploitative practices in certain industries (Transparency International, 2023). Addressing these issues will be essential for Thailand to maintain a favorable business environment while ensuring that MNCs contribute to long-term economic and social development. Through a combination of investment incentives, labor protections, environmental regulations, and innovation-driven policies, the Thai government continues to shape the role of MNCs in the country. Strengthening enforcement mechanisms and ensuring transparency will be key to maximizing the benefits of foreign investment while protecting workers and the environment.

Government policy refers to a set of principles, regulations, and actions enacted by a government to influence and guide national economic, social, and environmental directions. According to Singh and Chattopadhyay (2022), effective government policies are those that create a conducive ecosystem for inclusive economic growth by aligning regulatory frameworks with industry needs. In the context of sustainable development, government policies act as both enablers and regulators by setting standards, providing incentives, and facilitating partnerships across sectors (Tan & Kumari, 2023). Especially in emerging economies like Thailand, policy plays a pivotal role in promoting foreign direct investment (FDI), fostering innovation, and addressing disparities in labor markets. As Hasegawa and Lin (2021) emphasize, clear and consistent government policies can reduce investment risk and build long-term confidence among multinational corporations (MNCs). Furthermore, adaptive policies that integrate sustainability goals such as Thailand's Bio-Circular-Green (BCG) model are increasingly recognized as essential tools for achieving national competitiveness and long-term resilience (Garcia & Wong, 2024). Therefore, the formulation and execution of government policy are vital to the country's sustainable growth trajectory, especially when engaging with global business actors.

Government policy plays a central role in shaping the conditions necessary for sustainable growth. Sound policies influence investment flows, regulate environmental practices, support labor standards, and foster innovation all of which are critical for long-term economic and social stability. According to Chan and Yeo (2021), sustainable growth outcomes are strongly linked to policies that balance economic liberalization with social protection and ecological safeguards. When governments provide incentives for green investment and enforce ESG compliance, they create environments where multinational corporations can align business goals with national development objectives (Lee & Kumar, 2022). In Thailand, for example, the promotion of the Bio-Circular-Green (BCG) Economy Model through policy mechanisms has helped attract high-tech and sustainable investment, advancing both competitiveness and ecological goals (Jirawan & Saetang, 2023). Research by Narayan and Sinha (2024) further demonstrates that policy consistency and institutional transparency are vital for building investor trust and achieving inclusive development. Therefore, strategic, well-implemented government policies are essential enablers of sustainable growth, particularly in emerging economies navigating global market pressures and domestic socio-economic challenges.

4.3 MNCs ESG Strategy

Multinational corporations (MNCs) operating in Thailand increasingly weave environmental considerations into core business decisions, aligning both with global climate ambitions and national frameworks such as the Bio-Circular-Green (BCG) Economy Model and Thailand 4.0. The resulting strategies centre on shrinking carbon footprints, accelerating renewable-energy use, and redesigning products and supply chains for circularity. The automotive sector illustrates this shift. Toyota Motor Corporation, Thailand's largest vehicle producer, is trial-running fully electric Hilux Revo pick-ups as public song-taew taxis in Pattaya while simultaneously re-tooling plants to mass-produce battery-electric Hilux models by 2025 (Reuters, 2024a; Reuters, 2024b). Such moves underpin Bangkok's ambition to become Southeast Asia's electric-vehicle hub and to cut transport-sector emissions.

Consumer-goods leaders are tackling plastic and climate risks. Nestlé Thailand's net-zero roadmap commits to making 100 percent of packaging recyclable by 2025 and slashing virgin-plastic use by one-third. More than 500 million plastic straws have already been replaced with paper versions, and eight Thai factories now run on 100 percent renewable electricity, delivering a 20 percent greenhouse-gas reduction versus 2018 levels (Bangkok Post, 2024; Nestlé Thailand, 2023a). Water stewardship and regenerative agriculture complement these initiatives. Nestlé's 'water-positive by 2025' pledge funds community groundwater-replenishment projects, while agro-forestry, organic fertilizer from coffee husks, and inter-cropping programmes help Thai farmers restore soil health and raise climate resilience (Nestlé Thailand, 2023b). Nevertheless, enforcement gaps persist. In the Eastern Economic Corridor, the Thailand Development Research Institute (TDRI, 2004) estimates that up to 80 percent of industrial wastewater is released untreated, underscoring the need for stricter monitoring and transparent reporting. Robust ESG governance is therefore essential to convert corporate pledges into measurable environmental gains.

4.3.1 Social Strategy

The social pillar of ESG addresses how MNCs treat employees, engage communities, and foster equitable opportunity. Thai labour law notably the Labour Protection Act B.E. 2541 and the Occupational Safety, Health and Environment Act B.E. 2554 provides the baseline, but leading MNCs increasingly adopt global best practice. Fair-wage policies, safe working conditions, and zero-tolerance for child or forced labour are embedded into the supplier codes of companies such as Unilever and Nestlé (Frontiers, 2025). Digital up-skilling expands opportunity: Microsoft Thailand's nationwide digital-literacy drive has trained thousands of youths and informal workers, narrowing the skills gap and boosting employability (Microsoft, 2024).

Community-centred finance models add further value. Muangthai Capital's micro-loan products are bundled with financial-literacy workshops, enabling small farmers and micro-entrepreneurs in rural provinces to access capital responsibly (Muangthai Capital, 2024). Diversity, equity and inclusion (DEI) initiatives are likewise gaining momentum; Delta Electronics, for example, publicly tracks gender-balance metrics and has set measurable targets for women in leadership (Bangkok Post, 2024). Despite progress, challenges endure. A 2024 PwC Thailand survey revealed that 65 percent of employees in foreign-invested enterprises reported workload stress and perceived job insecurity, particularly among subcontracted staff (PwC Thailand, 2024). Bridging wage gaps between expatriates and local hires, strengthening collective-bargaining channels, and extending ESG oversight beyond first-tier suppliers remain priorities for an inclusive growth trajectory.

4.3.2 Environmental Strategy

Environmental strategy has emerged as a critical enabler of sustainable growth across multiple industries. It encompasses corporate actions aimed at reducing environmental harm while aligning business operations with long-term ecological objectives. According to Zhang and Lee (2022), companies that integrate green strategies—such as energy efficiency, waste reduction, and eco-innovation into their core business model experience higher operational efficiency and long-term profitability. In the manufacturing sector, investments in cleaner production methods not only reduce emissions but also improve cost-effectiveness and regulatory compliance (Nguyen & Hasegawa, 2023). In the energy industry, strategic shifts toward renewable sources and carbon neutrality have attracted global investors while simultaneously aligning firms with sustainability policies such as the Paris Agreement (Kumar & Tanaka, 2021). Furthermore, in the automotive industry, electric vehicle (EV) strategies supported by R&D and green supply chains have become a major growth engine, particularly in Asia-Pacific markets (Garcia & Wong, 2024). These outcomes illustrate that environmental strategy is not merely a compliance measure but a growth-oriented business model that strengthens resilience, enhances brand value, and opens access to sustainability-linked finance. As Bakar and Rahman (2023) argue, firms that proactively align their environmental practices with national and international sustainability frameworks are better positioned to achieve competitive advantage and long-term growth.

4.3.3 Governance Strategy

Governance is the keystone of ESG because transparent structures, rigorous controls, and ethical leadership translate environmental and social aspirations into concrete performance. Thailand's Securities and Exchange Commission (SEC) anchors the governance landscape through the 2017 Corporate Governance Code and the mandatory '56-1 One Report,' which integrates financial statements with ESG disclosures. Strong boards underpin effective oversight. Firms such as ThaiNamthip and Muangthai Capital separate chair and CEO roles, maintain fully independent audit committees, and publish director-skill matrices to ensure the board can interrogate strategy, risk, technology and sustainability issues. Enterprise-wide risk-management frameworks are gaining depth. ThaiNamthip classifies strategic, operational, financial and information-security risks and requires every business unit to maintain mitigation plans, while Krungthai Bank's board-level Risk Oversight Committee monitors credit, market, liquidity and ESG risks under a 'three lines of defence' model. Anti-corruption drives complement these mechanisms. Thailand ratified the UN Convention against Corruption in 2011, and the Organic Act on Anti-Corruption B.E.2542 criminalises bribery. Krungthai Bank's 'Zero Tolerance' stance obliges employees to report misconduct via confidential channels, and the SEC actively investigates insider-trading and disclosure breaches (Benoit & Partners, n.d.; SEC Thailand,n.d.). Yet governance gaps persist. Cultural deference to seniority can inhibit board challenge, and enforcement remains uneven, particularly among smaller, non-listed suppliers (Generis Online, n.d.). Continued regulator training, investor activism, and integration of ESG KPIs into executive remuneration are recommended to elevate governance maturity across Thailand's corporate ecosystem.

Strong governance is a foundational pillar of ESG strategy and plays a direct role in promoting sustainable growth across industries. Effective governance ensures that environmental and social goals are embedded into corporate decision-making, risk management, and accountability structures. According to Lin and Nakamura (2021), firms with transparent governance frameworks are better equipped to implement long-term sustainability strategies, attract investment, and avoid regulatory or reputational risks. Governance mechanisms such as independent boards, anti-corruption controls, and executive accountability are especially vital in emerging economies, where institutional trust and stakeholder expectations are evolving (Singh & Chattopadhyay, 2023). A study by Garcia and Wong (2024) highlights that companies with robust governance score higher on ESG ratings and are more likely to secure green finance and long-term investor support. Moreover, Nguyen and Patel (2022) argue that when ESG KPIs are integrated into executive compensation and reporting systems, companies demonstrate stronger performance not only in sustainability goals but also in profitability and employee engagement. These findings confirm that governance strategy is not merely a compliance function but a value creation mechanism that links ESG performance with corporate resilience and national development goals.

4.4 Economic Growth

One of the most significant contributions of MNCs to Thailand is economic growth. Through FDI, MNCs provide capital inflows, enhance industrial production, and stimulate trade activities. They improve Thailand's export competitiveness by establishing manufacturing hubs that cater to international markets, especially in industries such as automobiles, electronics, and consumer goods (UNCTAD, 2021). However, while MNCs contribute to GDP growth, there are concerns that their profits are often repatriated to their home countries, limiting the long-term benefits for the Thai economy (Narula & Dunning, 2000). Thailand has long been a hub for foreign investment, but in recent years, the presence of multinational companies has accelerated economic expansion. According to the Board of Investment Thailand (BOI, 2024), foreign direct investment (FDI) reached $12.5 billion in 2023, with much of it coming from major corporations in the automotive, electronics, and digital industries. One of the biggest contributors is Toyota, which has established Thailand as its regional manufacturing base, producing millions of vehicles for export. This investment has not only created thousands of jobs but has also led to the development of a strong supply chain, benefiting local businesses and entrepreneurs. For Thailand, the rise of multinational companies is not just about employment; it is also about innovation. In a sleek office in central Bangkok, tech entrepreneur Somchai discusses how global tech giants are changing the digital landscape. “Five years ago, we had limited access to artificial intelligence (AI) and cloud computing. But now, with Google and Microsoft investing in Thailand, we have access to cutting-edge technology,” he says. In 2023, Google Thailand launched a digital skills training program, benefiting over 200,000 Thai workers (Google, 2023). These programs are essential in transitioning Thailand’s economy from one reliant on manufacturing to a more knowledge-based, digital-driven economy, aligning with the Thailand 4.0 initiative (Ministry of Industry, 2024).

However, not all aspects of economic growth fueled by MNCs have been positive. A labor rights advocate, speaking anonymously, reveals the struggles of factory workers employed by some multinational firms. “While many companies offer fair wages and benefits, others exploit loopholes in labor laws, hiring temporary workers to avoid long-term commitments,” she explains. Reports from the International Labour Organization (ILO, 2023) highlight that, despite improvements, some industries still suffer from excessive overtime, low job security, and wage disparities. These challenges raise questions about how economic growth can be made more inclusive and beneficial for all workers. Despite these concerns, Thailand’s trade and export industries continue to thrive, largely driven by MNCs. At the bustling Laem Chabang Port, one of Southeast Asia’s largest shipping hubs, containers are loaded with electronics, auto parts, and processed food products manufactured by multinational firms operating in Thailand. “Without these companies, our exports would not be as competitive,” explains a logistics manager overseeing operations. In 2023, exports contributed to over 60% of Thailand’s GDP, with MNC-driven industries playing a major role (World Bank, 2024). As the sun sets over Bangkok’s skyline, reflecting off the glass buildings of multinational corporate headquarters, the future of Thailand’s economy remains intertwined with the activities of these global giants. The government continues to introduce investment incentives and sustainability policies, ensuring that economic progress does not come at the cost of environmental damage or labor exploitation (BOI Thailand, 2024). For workers like Aran and entrepreneurs like Somchai, the presence of MNCs represents both opportunity and challenge. “We need these companies,” Somchai says, “but we also need policies that protect Thai workers and businesses.” The balance between foreign investment and sustainable economic development remains a key issue for Thailand’s future.

4.5 Sustainable Growth

Achieving sustainable growth requires balancing economic development with environmental and social considerations. MNCs can play a vital role in promoting sustainable practices by investing in renewable energy, adopting environmentally friendly production processes, and supporting local communities through CSR initiatives (Sachs, 2015). However, the pursuit of short-term profits by some corporations has led to resource depletion and labor exploitation, which contradicts the principles of sustainability. The Thai government, in collaboration with international organizations, must continue to enforce regulations and encourage responsible business practices to ensure that MNCs contribute to long-term, inclusive growth (UNCTAD, 2021). Sustainable growth refers to economic development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It involves balancing economic progress, environmental protection, and social equity in a manner that is inclusive and long-lasting (UNDP, 2023). Scholars argue that sustainable growth is more than just GDP expansion it encompasses resilience, resource efficiency, and the equitable distribution of benefits (Jame, 2024). According to Navid (2025), sustainable development in emerging markets like Thailand must also account for structural inequalities and environmental vulnerabilities, advocating for models that integrate renewable energy, fair labor practices, and transparent governance. These principles align with the Thailand 4.0 strategy, which seeks to modernize the economy through innovation, green technology, and digital transformation (BOI Thailand, 2024). Furthermore, OECD (2023) emphasizes that multinational corporations (MNCs) play a pivotal role in achieving sustainable growth by embedding Environmental, Social, and Governance (ESG) principles in their operations. As businesses align their objectives with national sustainability goals, they contribute to inclusive economic progress while mitigating the long-term impacts of environmental degradation and social inequality.

One of the major contributions of MNCs to sustainable growth in Thailand is their investment in renewable energy and green technologies. Companies like Toyota, Siemens, and Shell have introduced eco-friendly initiatives, including electric vehicle (EV) production, smart energy grids, and alternative fuel development. Toyota, for example, has been actively expanding its hybrid and EV manufacturing capabilities in Thailand. In 2023, the company announced a $300 million investment in EV battery production, aiming to reduce carbon emissions and promote the adoption of green mobility solutions (Toyota, 2023). This move aligns with Thailand's commitment to reducing greenhouse gas emissions by 40% by 2030 under the Paris Agreement (UNFCCC, 2023). Apart from the energy sector, MNCs play a crucial role in promoting sustainable agricultural practices. Nestlé and Unilever have been working with local farmers to implement sustainable farming techniques, such as precision agriculture, organic farming, and water-efficient irrigation systems. These efforts help mitigate the negative environmental impacts of intensive farming while ensuring food security and economic stability for local communities (Nestlé, 2024). Additionally, sustainable supply chain practices, including responsible sourcing of raw materials and waste reduction, contribute to long-term economic resilience.

Thailand has also made significant progress in developing a circular economy, where waste is minimized, and resources are continuously reused. MNCs such as Coca-Cola and PTT Global Chemical have launched recycling and waste management programs to encourage sustainable consumption and production. Coca-Cola, for instance, introduced a 100% recyclable packaging initiative in Thailand in 2022, aiming to achieve net-zero plastic waste by 2030 (Coca-Cola, 2023). These programs not only reduce environmental harm but also create new economic opportunities in the recycling and waste management industries. Another critical aspect of sustainable growth in Thailand is corporate social responsibility (CSR). By fostering a highly skilled workforce, these initiatives contribute to economic stability and inclusive growth. Government policies and incentives have played a significant role in promoting sustainable growth. The Thai government has introduced regulations that encourage MNCs to adopt environmentally friendly practices, such as tax incentives for green energy investments and stricter emissions standards for industrial activities (BOI Thailand, 2024). These policies help create an attractive business environment for companies that prioritize sustainability, ensuring that economic progress does not come at the cost of environmental degradation.

Despite these efforts, challenges remain in achieving fully sustainable growth. Issues such as deforestation, urban pollution, and over-reliance on fossil fuels continue to pose risks. However, through strong collaborations between MNCs, the Thai government, and local industries, Thailand is making steady progress toward a more sustainable future. With continuous innovation, strategic investments, and policy support, the country is well-positioned to become a leader in sustainable development in the ASEAN region.

Chapter 5

Conclusion and Recommendation

5.1 Conclusion

This study concludes that MNCs have played a pivotal role in shaping Thailand's economy, but their presence has brought both opportunities and challenges (Chaiyasit & Pholphirul, 2022). The economic benefits of foreign direct investment, technology transfer, and job creation are substantial, but profit repatriation, labor exploitation, and environmental concerns must be addressed to achieve sustainable development (Thailand BOI, 2023). The Thailand 4.0 initiative aims to attract high-value foreign investment, yet ensuring that these investments promote equitable economic growth remains a challenge (World Bank, 2022). In the labor sector, while MNCs provide high-paying jobs in certain industries, local employees often face barriers to career progression, and SMEs struggle to remain competitive in the face of multinational dominance (Kasikorn Research Center, 2021). Moreover, the regulatory landscape remains inconsistent, with gaps in the taxation, legal, and intellectual property protection frameworks (OECD, 2023). If Thailand is to fully leverage the advantages of MNCs while minimizing their negative impacts, targeted policy reforms must be prioritized.

5.2 Recommendation

To ensure sustainable economic growth and equitable development, the Thai government must strengthen regulatory frameworks by enhancing legal mechanisms that promote fair taxation, improve labor rights enforcement, and address environmental concerns (World Bank, 2022). Implementing stricter corporate social responsibility (CSR) policies with enforceable penalties for non-compliance will ensure that multinational corporations (MNCs) contribute meaningfully to sustainable development (Ministry of Natural Resources and Environment, Thailand, 2023). Additionally, fostering local business growth is crucial. Policy initiatives should support Thai SMEs by providing access to financial resources, technology, and skill development programs to help them compete in an MNC-dominated market (Thailand BOI, 2023). Encouraging partnerships between MNCs and domestic businesses will promote knowledge-sharing and local entrepreneurship (Chaiyasit & Pholphirul, 2022).

5.2.1 Competitive Strategy for Enhancement of Capabilities

A powerful competitive strategy that enhances organizational capability and promotes sustainable growth is the adoption of innovation-driven business models. Multinational corporations (MNCs) that prioritize continuous innovation through research and development (R&D), product differentiation, and digital transformation are better equipped to adapt to market volatility, address environmental concerns, and meet the expectations of stakeholders. Innovation is not only a pathway to business expansion but also a foundation for sustainable practices. According to Muljono and Hasyim (2023), innovation strategies significantly contribute to long-term competitive advantage, allowing firms to reduce resource dependency, improve energy efficiency, and align with circular economy principles. In the context of Thailand, where the government is actively promoting the Bio-Circular-Green (BCG) Economy Model, companies that integrate innovation into their core business strategies are more likely to access policy incentives, investment support, and public trust (BOI Thailand, 2024). This alignment fosters not only business performance but also national sustainability objectives. Moreover, innovation enhances operational resilience and reduces the environmental impact of production processes. Van de Wetering et al. (2021) emphasize that dynamic capabilities such as IT flexibility and organizational learning enable firms to detect and respond to sustainability challenges faster than competitors. This agility is crucial in a world where climate change, resource scarcity, and shifting regulations present constant threats. In addition, firms that innovate are better able to introduce eco-friendly products and services that align with consumer preferences for responsible consumption, thereby generating both economic and reputational value (OECD, 2023).

Finally, when innovation is combined with strategic alliances such as partnerships with local startups, universities, and NGOs it accelerates knowledge transfer, technological advancement, and market penetration. Such collaboration enables MNCs to scale sustainable solutions efficiently while supporting community development and capacity building (Mbabu & Ombok, 2024). Therefore, integrating innovation into competitive strategy not only enhances firm capability but also ensures that growth is economically inclusive, environmentally responsible, and institutionally sound—core principles of sustainable development.

5.2.2 Business Practice in Employment

Multinational corporations (MNCs) play a pivotal role in shaping the economic landscape of developing nations, with Thailand serving as a prime example of this dynamic. Employment quality, defined by fair wages, safe working conditions, skill development, diversity, and employee engagement, is increasingly recognized as a critical driver of sustainable growth, which balances economic prosperity, social equity, and environmental stewardship. This thesis argues that business practices enhancing employment quality are not only ethical imperatives but also strategic mechanisms through which MNCs can contribute to Thailand's long-term development goals, such as those outlined in the Thailand 4.0 initiatives. Fair wage policies, for instance, are foundational to this framework. Smith and Johnson (2022) assert that equitable compensation structures improve employee retention and productivity while stimulating local economies through increased consumer spending, a factor particularly relevant in Thailand's transition to a high-value economy. Similarly, ensuring safe working conditions aligns with sustainability by minimizing industrial accidents and their associated social and environmental costs. Lee et al. (2021) emphasize that MNCs adhering to global safety standards, such as those in Thailand's Eastern Economic Corridor, enhance operational resilience and community trust. Furthermore, skill development initiatives are vital for fostering a knowledge-based workforce capable of driving innovation. Chen and Patel (2023) highlight how MNCs like Toyota Thailand implement training programs those upskill employees, thereby supporting technological advancements and economic diversification. Diversity and inclusion, as Garcia and Wong (2024) note, bolster organizational adaptability and problem-solving, enabling MNCs to better navigate Thailand's culturally rich market. Collectively, these practices create a virtuous cycle: improved employment quality strengthens workforce capacity, which in turn drives economic stability and sustainable growth. In conclusion, by prioritizing these employment quality practices, MNCs operating in Thailand can align their operations with global sustainability goals while contributing to an inclusive and resilient economy, ensuring that the nation's development is both equitable and enduring.

5.2.3 Competitive ESG Strategy

A strong recommendation for enhancing sustainable growth through competitive ESG strategy is the integration of Environmental, Social, and Governance principles into core corporate decision making, supported by measurable performance indicators. Multinational corporations (MNCs) that treat ESG not as a compliance burden but as a competitive asset are more likely to foster innovation, build stakeholder trust, and secure long-term profitability. According to Osei et al. (2024), ESG strategies that align with business objectives such as reducing emissions, improving labor practices, and promoting ethical governance directly contribute to competitive advantage and sustainability outcomes. For example, companies that lead in decarbonization or fair labor treatment often benefit from better brand reputation, investor preference, and operational efficiency. In Thailand, MNCs like PTT and Unilever have embedded ESG into their competitive strategies by shifting toward renewable energy, developing sustainable product lines, and strengthening transparency, which has enabled them to access green financing and strategic partnerships (Frontiers, 2025). Moreover, competitive ESG strategy encourages future-readiness by helping firms proactively manage risks related to climate change, social inequality, and regulatory shifts. As highlighted by Deloitte (2023), businesses that integrate ESG into corporate risk management are more resilient during market disruptions, such as pandemics or geopolitical shocks. Additionally, ESG-aligned companies are increasingly favoured in global supply chains, where buyers demand accountability and sustainability from their partners. This not only ensures regulatory compliance but also unlocks new markets and customer segments. As Van de Wetering et al. (2021) explain, competitive strategies anchored in governance integrity and sustainability performance lead to improved innovation cycles, stakeholder alignment, and enduring growth. Therefore, embedding ESG into competitive strategy is not just ethically sound it is a smart, future-focused approach to achieving sustainable growth.

Furthermore, improving labour market policies is essential for equitable economic participation. The government should encourage MNCs to adopt fair employment practices, including reducing wage disparities between local employees and expatriates (ILO, 2021). The development of vocational training programs aligned with MNC industry needs will help Thai workers secure higher-skilled and better-paying positions (PwC Thailand, 2024). Environmental sustainability must also be prioritized by requiring MNCs to adhere to stricter environmental regulations and invest in green technologies, renewable energy, and sustainable production processes (Forbes & Wilson, 2022). Government agencies must actively monitor and penalize environmental violations to ensure corporate accountability (Ministry of Natural Resources and Environment, Thailand, 2023). Lastly, attracting high-value investment should be a key focus. Rather than emphasizing low-cost manufacturing and labor-intensive industries, Thailand should encourage MNCs to invest in high-tech sectors such as artificial intelligence, biotechnology, and renewable energy to align with the Thailand 4.0 vision (OECD, 2023). By implementing these strategic measures, Thailand can create a more balanced, inclusive, and sustainable economic environment while maximizing the benefits of multinational corporations' presence in the country.

5.3 Managerial Implications

The findings of this research provide valuable implications for managers, corporate leaders, and policymakers working within multinational corporations (MNCs) operating in Thailand and similar emerging economies. First, the integration of Environmental, Social, and Governance (ESG) strategies into the core business model should not be treated as a compliance obligation but rather as a long-term competitive strategy. Managers must recognize that ESG investments such as renewable energy adoption, waste reduction programs, and ethical governance can significantly enhance brand value, operational efficiency, and investor confidence. As shown in this study, firms that embed ESG practices at the strategic level experience more sustainable growth and increased access to green financing, international partnerships, and supply chain inclusion. Moreover, the study highlights that improving employment quality through fair wages, skill development programs, and employee well-being initiatives leads to higher productivity and reduced turnover, especially in labor-intensive sectors. Business leaders should prioritize talent retention and workforce development as key levers of sustainability. This is particularly relevant in Thailand, where job insecurity, wage gaps, and informal employment are persistent challenges. Companies that adopt inclusive, skill-based employment strategies will build stronger reputations and develop more resilient human capital.

Additionally, the research emphasizes the need for managers to adopt innovation-driven practices and digital transformation as part of their sustainability agenda. Investing in R&D, forming strategic alliances with local institutions, and promoting regenerative business models can help companies navigate environmental risks while gaining first-mover advantages. Managers are also encouraged to align corporate objectives with national development policies, such as Thailand's Bio-Circular-Green (BCG) Economy Model, to benefit from tax incentives and regulatory support. In conclusion, this thesis encourages managers to view sustainability not as a cost, but as a strategic opportunity. By embedding ESG thinking into daily decision-making, fostering high-quality employment, and driving innovation, managers can lead their organizations toward long-term profitability, risk reduction, and meaningful contributions to Thailand's sustainable development goals.

5.4 Academic Contribution

This research makes a meaningful contribution to the academic literature by examining the intersection between multinational corporate practices and sustainable development within the Thai context a topic that remains underexplored in Southeast Asian scholarship. While global research on Environmental, Social, and Governance (ESG) strategies is growing, few studies have analyzed how ESG practices function as competitive tools for growth specifically in emerging markets such as

Thailand. By focusing on country-specific dynamics like government policy, employment structures, regulatory frameworks, and sectoral challenges, this thesis fills a critical gap in regional sustainability and business research. The study also contributes to the broader field of international business by offering a refined understanding of how MNCs contribute not only to economic outcomes such as foreign direct investment (FDI), innovation, and industrial growth but also to social progress through fair employment, skill development, and inclusive business models. This aligns with the evolving academic perspective that business success should be measured not only in terms of profit but also through long-term social and environmental impact (Muljono & Hasyim, 2023; Frontiers, 2025).

This study applies a qualitative documentary approach, drawing insights from policy documents, case studies, and ESG reports to examine the relationship between multinational corporations and sustainable growth. By combining interdisciplinary sources, it offers a deeper understanding of how theoretical concepts are applied in real-world business environments. The research enriches existing ESG literature by connecting strategic management theory, stakeholder theory, and the resource-based view (RBV) with corporate practices observed in Thailand. Its academic contribution lies in the integration of theory and practice, offering a contextualized framework that helps scholars assess how MNCs influence long-term sustainability. Additionally, the findings provide a valuable foundation for future studies to explore region-specific ESG models that are both analytically robust and practically relevant.

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