

## HR practices: selecting the initiative approach applied and its impact on the business sector in Northeastern region, Thailand

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### Abstract

This paper intends to investigate whether transformational HR, the trend of favorable tool, should accommodate to each organization as well as to be proved that between applying another 2 variables; transactional and traditional HR that defined as input factors can work corroboratively and lead to effectiveness of people management. The quantitative method was employed to testify the relationship and the influence as the cause and effect. Two hundred and five (205) questionnaires were returned from all four cities in central Isaan cluster distributed from August to the middle of September 2018.

The descriptive statistic results showed that the majority of the informants were female (69.3%) and worked in Roi-Et (46.8%) and in Agricultural business (28.8%). Majority of them were working in level of operation staff (63.4%). To consider the most activities preferences of populations are Transformational HR. According to the inferential statistic by hypothesis testing, there was significant difference between the adopting tactical vs. strategic HR practice in term of various industries. Other hypotheses that were tested confirmed that the input factors, which were Traditional, Transactional and Transformational HR positive relationship with each other. However, two out of three (traditional and transformational HR) are led to the firm's HR practice effectiveness. And not only factors attached in transformation HR but traditional HR activities have also positive influence on Strategic HR practice. Moreover, the paper argued that all focused HR activities can predict the firm's HR arrangement as was 39.4%. While, this implies that HR activities as Compensation, Learning & Development and Structural Realignment are factor that have a greater influence or statistically significance on the firm's strategic HR practice. According to the findings, the theoretical aspects clarified that the HR activities may not only applied strategic functions, but 'routine or administration HR functions' are also important and should effectively deployed into the organization. The suitable acquired HR activities have to use matching with types and culture of business. The summary also confirmed the prediction of traditional and transformational variables work corroboratively effecting on effectiveness of HR arrangement as the power of prediction 39.4%. However, the beta value for tradition was 0.273 and for transformational approach

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is was 0.421. This implies that the adoption of transformation is a factor that has a greater impact than traditional application. Apart from that even the factors as routine (traditional HR) and strategic activities influence the people management effectiveness as shown in results but HR information system (transactional HR) has also important as well as we must groom HR person all the time to oversee and manage HR department effectively.

**Keywords :** HR practice, initiative approach, impact

## INTRODUCTION

Generally, HR functions can be divided into 2 groups, which are Human Resource Management (HRM) and Human Resource Development (HRD). In addition, Ruonal and Gibson (2004) stated that Organizational Development (OD) is emerged further than 2 first elements. When we discuss about HRM, it mainly refer the firms' policies, processes, systems and activities that deals with the employees and all related concerns like employment, recruitment, orientation, payroll and benefits, performance appraisal and analysis, and other work-related services to the employees. while HRD and OD, both have key words in "development", these 2 acronyms are aim for improving the performance. They seek to develop people's knowledge, expertise, productivity, and satisfaction, whether for personal, team or for the benefit of an organization, community, etc (McLean and McLean, 2001). So, 3 of them are strategically demanded and coordinated together for HR and then lead to organization success.

However, HR activities have met their challenges such as globalization and diverse workforce (DeSimone and Werner, 2012), which make it more difficult to ensure that "tools" or "choices" will be qualified. Not only HR practitioners and HR Manager who are responsible in this phenomenon, everyone in the workplace as "Human" or "Man" is also being taking the role of

"player". Or we can call achievement are resulted from manager, supervisor and even operational staff.

To focus into Thailand, the globally significant statistics from UNDP (2018) stated the survey of Human Development Index (HDI) report in varied series such as education, economic, etc. To compare between Thai and another 186 countries, the result had been indicated that Thailand was ranked in 83 out of 189 countries. And Thailand's 2017 HDI of 0.755 was categorized as the group of countries that above average of 0.733 among East Asia and Pacific. What we can interpret from the data? The great number of researches (Hendi, 2012; Suri et al., 2011, Lonska & Mietule, 2015) have shown that extremely HDI can supply to the country's economic development, likewise, Human capital is implied as the effective linkage between economic growth and the growth of economic potential. It is not only about the favorably implement of education and people development from Thai's government, while, apart from the department of education, each organizations have to deploy the HR policies that enforce competence of Thai workers.

## Literature Review

**Transactional, Traditional and Transformational HR**

Wright et al. (1998) proposed the integration

of HR activities into three aspects, which are transactional, traditional and transformational. Transactional activities imply to a day-to-day transactions that administer with the information keeping i.e. pay data, status changing information, record of disciplinary of the staff. While, Traditional activities showed human resources management programs such as Performance Management, Compensation Management, and Learning and Development. However, apart from those two former functions, another HR activities can bring about and create much more value to the firm, which is remarkably discussed thoroughly as the tools for reaching goal of the organization. The last categorization is called 'Transformation' that relevant to those HR activities with high impact contribution to promoting organizational effectiveness. These obligations are such as implementing cultural changes, structural realignment, strategic redirection and enhancing innovation.

Francis (2013) supported Wright et al. (1988) that the Technological advancements in the HR field followed the development of the HR functions' business contribution can be divided into 3 dimensions as: the personnel administration referred the record keeping of transactional events was the primary focus, the personnel management implied among different HR activities as unique and specialized functions and the HR management, which the integration of HR functions transformed personnel management into a strategic business.

### **Tactical HR and Strategic HR**

When considering about tactical or technical HR, it implies about the organization' policies or processes, which involves the day-to day operation. Likewise, it refers to the Human Resource Department, which is the office of a

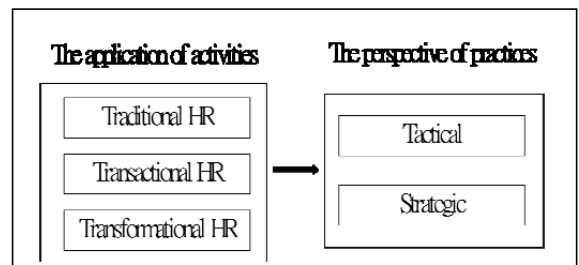
company or business that deals with the staff such as recruitment, selection, compensation and benefits, performance management, and other activities. Boxall and Purcell (2008) also argued that tactical HR can be anything that can be used to manage employee relation in organizations. However, the current trend, HR practitioners or HR leaders focus and favorably implement strategic HR that take the place of tactical. HR Huselid et al.(1997, p.173) had studied and found that both of Technical and Strategic HR are led to the firm performance.

### **Research Method**

The intention of the research desires to inspect and propose the recommend "the desirable pattern of HR in organization" of firm in Issan region, which are Roi-Et, Khon Kaen, Mahasarakham and Kalasin in various 6 types of business. There are Agriculture, Packaging, Consumer Product, Finance and Banking, Services Industry and others. The participants, who are responded in the study are staff in any organizations, which are affected by practices or activities conducting by HR Department. The questionnaire is separated into 2 main parts according to the statistic measurement. First, using Descriptive Statistics to find percentage of respondents' characteristics i.e. gender, business where they work, city where they live and working level. For inferential statistic, researcher aims to measure the mean of independent variables that consist of Transactional (HRIS), Traditional (Performance Management, Compensation and Learning & Development) and Transformational HR activities (Strategic Realignment, Cultural Change and Professional in HR person), which adapted from Wright et al. (1988). The adoption of Likert scale is used 5-point ranging from 1 "strongly disagree" to 5 "strongly agree".

The scale construction of mean values can be interpreted into 5 average scores (Best and Kahn, 2013) e.g. 3.50 – 4.49 is agree, 4.50 – 5.00 is strongly agree. The program's calculation is mainly computed by SPSS, which employed Pearson Correlation to see the relations between 2 variables and T-Test to assess whether the means of the groups that focused are statistically different from each other. Four hypotheses were testified, ANOVA and multiple regression techniques were also imported to see means difference and the relationship between each focused dependent variables (tactical HR and strategic HR). Prior to questionnaires were distributed, researcher tested the Cronbach's coefficient alpha and found the score as .915 referring high score of pre-test reliability. After that, questionnaires will be administered to HR department in each firms by sending them

directly. Because of making them on respectable basis of the study (Saunders et al., 2005 cited in Altarawneh and Aldehayyat, 2011, p.246), they will being treat trustworthy. Respondents have the choice to hand back the questionnaire during the visit or send it back via the postal system.



**Figure 1:** Conceptual Framework of the study (Adapted from Wright et al, (1998); Michael et al. (2012))

**Table 1:** The summary of the results from the hypothesis testing

Hypotheses	Findings
H1: There is a significant difference between deploying tactical and strategic HR Practice in term of various industries.	Accepted
H2: There is a significant positive relationship between Traditional, Transactional and Transformational HR.	Accepted
H3: The cooperation among Traditional, Transactional and Transformational HR positively influence HR practice effectiveness.	Not Supported
H4: Only factors within transformational HR have positive influence on Strategic HR	Not Supported

## Result Finding and Discussion

The demographics of informants' characteristics, in this part, the research is aimed at presenting the characteristics of the respondents obtained from the field study. 205 applicable questionnaire out of 400 were returned. The descriptive data included the respondents' gender, industry, city and working level. The majority of participants was 142 female respondents (69.30%). To demonstrate the industry received of participants, mainly is the staff who worked in the Agriculture (28.8%) and worked in Finance (19.5%). To consider the city, where the business located, Roi-Et was found nearly half of overall respondents (46.8%). In terms of the working level in this study, the major respondents were working as operation staff at 130 (63.4%).

**Research Question 1:** Is there a significant difference between the perceptions of deploying HR initiative among various industries?

*Hypothesis 1:* There is a significant difference between deploying tactical and strategic HR Practice in term of various industries.

The output affirmed the 1st hypothesis there is a statistically significant difference between execute either tactical vs. strategic HR practices toward various industries. Then Turkey post hoc test is continued to analyze each of industry. The outcome showed that the application of among tactical HR and strategic HR practice, Finance is differ from all another industries (Table 3). So, the hypothesis one was accepted.

**Table 2:** Independent Group T-Test between deployment of tactical vs strategic HR approach and Varied Industries.

Source		SS	df	MS	F-test	P-value
Tactical HR	Between Groups	21.198	5	4.240	15.193	.000
	Within Groups	55.530	100	.279		
	Total	76.727	204			
Strategic HR	Between Groups	27.463	5	5.493	19.701	.000
	Within Groups	55.481	199	.279		
	Total	82.943	204			

**Table 3:** Tukey HSD Comparison for deploying of tactical vs. strategic HR in varied industries

(I) Industry	(J) Industry	Mean Diff (I-J)	Std. Error	95% Confidence Interval	
				Lower Bound	Upper Bound
Finance	Agriculture	1.0167*	.1082	.4848	1.1075
	Packaging	.9428*	.1562	.0128	.9122
	Consumer Goods	.8265*	.1222	.0915	.7952
	Services	.5517*	.1424	.5031	1.3224
	Others	.6235*	.1232	.4561	1.1653

\* The mean difference is significant at the 0.05 level

**Research Question 2:** Is there a mutual relationship between activities in Traditional, Transactional and Transformational HR?

*Hypothesis 2:* There is a significant relationship between activities in Traditional, Transactional and Transformational HR.

value of the correlation coefficient ( $r$ ) was given more than .05. The table is indicated that the relationship itself and the intergroup was up to a strong or large relationship (Cohen, 1988). Hence, the statistical testing affirmed hypothesis 2.

**Table 4:** Bivariate correlations among Traditional, Transactional and Transformational HR

Dimensions	Transactional HR		Traditional HR		Transformational HR		
	1	2	3	4	5	6	7
1. HRIS	-	.602**	.738**	.645**	.648**	.488**	.756**
2. Performance Management		-	.829**	.706**	.584**	.534**	.564**
3. Compensation			-	.771**	.718**	.561**	.718**
4. Learning & Development				-	.673**	.519**	.704**
5. Structural Realignment					-	.519**	.648**
6. Cultural Change						-	.437**
7. Professional in HR person							-

Note: Correlations marked with an asterisk (\*\*) were significant at  $p < .05$ .

Processing data by the Pearson correlation, entire variables were imported. It found that there was a significant positive relationship in the midst of transactional, traditional and transformational HR activities at the level of .05. To interpret the meaning of relationship among each variable,

**Research Question 3:** Is there a positive influence of HR activities on the HR practice effectiveness?

*Hypothesis 3:* The cooperation among Traditional, Transactional and Transformational HR positively influence HR practice effectiveness.

**Table 5:** Regression Coefficient for Input factors to firm's HR arrangement

Predicting variables	Unstandardized	Standardized	T	Sig.	Collinearity	
	Coefficient	Coefficient			Statistics	
	B	Beta			Tolerance	VIF
Transaction	-.022	-.035	-.389	.698	.377	2.654
Tradition	.161	.273	2.844	.005	.324	3.089
Transformation	.328	.421	3.977	.000	.926	3.767

Note:  $N = 205$ ;  $*p < .05$ ,  $R^2 = .402$  Adjusted  $R^2 = .394$ ; Durbin Watson Statistics = 1.718

The practice of HR (tactical vs. strategic HR) was indicated as a dependent variable in this study. In order to identify the factors determining the organizational HR pattern as well as to explore whether the independent variables influenced the firm's effectiveness, the input factors, which consisted of transactional, traditional and transformational HR, were imported into the multiple regression model. Table 4 is a summary of the multiple regression results. It states that these 3 variables explain 39.4 percent of total variance of firm's HR arrangement (Adjusted  $R^2 = .394$ ,  $p < .05$ ). Among the 3 predicting variables, only traditional and transformational activities were found to have significant effects on firm's HR arrangement. Therefore, the 3<sup>rd</sup> hypothesis testing was unconfirmed that all 3 factors corroboratively influenced dependent variable at the 0.05 level of significance.

**Research Question 4:** Is only dimensions in transformational HR positively influence on Strategic HR?

*Hypothesis 4:* Only factors within transformational HR have positive influence on Strategic HR

Transformational HR activities, which consist of Compensation, Learning & Development and Structural Realignment have been perceived from the literature review as a variable that causes and impact the firms' strategic tool much more than another 2 main variables (Transactional and Traditional HR) in relevant papers as well as in this study. However, apart from Structural Realignment within Transformational HR, another 2 dimensions as Compensation and Learning & Development that attached in Traditional HR are also result in Strategic HR practice. Table 5 is a sum-

**Table 6:** Regression Coefficient for each HR activity to the perspective of strategic HR practices

Predicting variables	Unstandardized	Standardized	T	Sig.	Collinearity Statistics	
	Coefficient B	Coefficient Beta			Tolerance	VIF
HRIS	.045	.056	.697	.487	.340	2.943
Performance	-.011	-.017	-.194	.847	.289	3.463
Management	.159	.224	2.005	.046	.177	5.645
Compensation	.201	.262	3.171	.002	.323	3.095
Learning & Development	.198	.250	3.405	.001	.410	2.438
Structural	.070	.063	1.069	.287	.630	1.586
Realignment	.018	.026	.313	.755	.926	3.047
Culture Change						
Professional in HR person						

Note: N = 205; \* $p < .05$ ,  $R^2 = .565$ , Adjusted  $R^2 = .550$ ; Durbin Watson Statistics = 1.828

mary of the multiple regression results. It states that these factors explained almost 55 percent of the total variance of Strategic HR (Adjusted R2 = .550,  $p < .001$ ). Moreover, it was confirmed that only 3 factors were found to have significant effects on the Strategic HR approach at the 0.05 level of significance, which are Compensation, Learning & Development and Structural Realignment. Hence, hypothesis 4 was not confirmed by the multiple regression technique, as shown in table 5.

### Conclusion for research contributions

Understanding the HR activities applied for people management effectiveness, the multiple correlations exhibits the value among the explicit variables of transactional, traditional and transformational HR (table 4). To compare and consider among 7 variables, it can be summarized that performance management and compensation factor has more correlated values strongest as .829. The data can be interpreted that when either supervisor or HR department conduct the performance evaluation, the result hereafter can be managed and planned for reward or compensation. These two activities almost connect each other. Apart from that we can understand the adoption of strategic HR perspective for organizational effectiveness, the redesign of strategic realignment, cultural change, management development and knowledge management can enhance those in-

tangible asset (Human Capital) and influence another desired outcome i.e. employee satisfaction, customer satisfaction and firm's finance results respectively (Chueasraku, 2018).

Recommendations from the study and for future research to get ready a competence pool of Thai workers in terms of professional, knowledgeable and another desirable characteristics. Twelfth National Economic and Social Development Plan of Thailand (2017 – 2021). It includes promoting lifelong learning and improving the quality of education and training delivery. Therefore, we can consider how to develop citizens through effective HR programs as well as by settle the value of various industry in the country by providing those qualified and competence people into the market.

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