

**THE EFFECTS OF CORPORATE GOVERNANCE, HUMAN  
RESOURCE PRACTICES, AND ORGANIZATIONAL  
WELLBEING ON ORGANIZATIONAL PERFORMANCE:  
THE FIRMS LISTED ON THE STOCK EXCHANGES IN  
THAILAND**



**Karnpaphim Auttajate**

**A Dissertation Submitted in Partial  
Fulfillment of the Requirements for the Degree of  
Doctor of Public Administration  
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## ABSTRACT

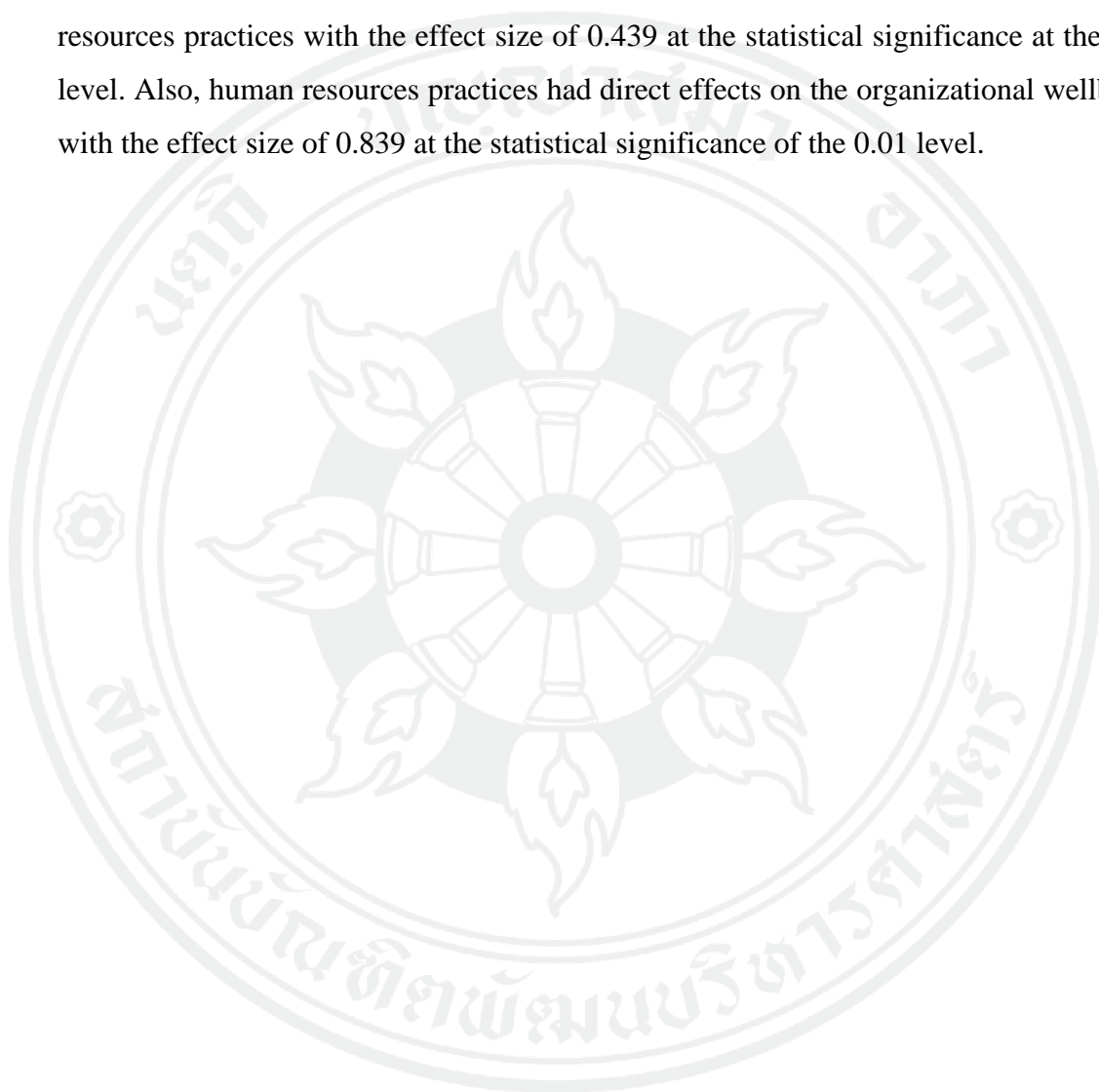
<b>Title of Dissertation</b>	THE EFFECTS OF CORPORATE GOVERNANCE, HUMAN RESOURCE PRACTICES, AND ORGANIZATIONAL WELLBEING ON ORGANIZATIONAL PERFORMANCE: THE FIRMS LISTED ON THE STOCK EXCHANGES IN THAILAND
<b>Author</b>	Karnpaphim Auttajate
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The effects of corporate governance, human resources practices, and organizational wellbeing on organizational performance of the companies listed on the stock exchanges in Thailand were the thesis title of this current study. Quantitative research approach was adopted to examine those effects. Its research objective was to investigate the direct and indirect effects of corporate governance, human resources practices, and organizational wellbeing on organizational performance. The companies listed on the stock exchange of Thailand and the market for alternative investment awarded with the CG rating of “Good”, “Very Good”, and “Excellent” were the samples of this current study. The data were collected from 203 companies observed during 2016 – 2018 by the questionnaires. Statistical analysis included frequency, percentage, min, max, mean, and standard deviation. Moreover, the structural equation modeling was utilized to find the casual relationships of human resources practices and organizational wellbeing with organizational performance with the aim to examine its goodness of fit of the model.

The results demonstrated that the mean scores of human resources practices and organizational wellbeing of the companies listed on the stock exchanges in Thailand were in a high level, overall. In terms of organizational performance, return on assets had the mean score of 7.09, return on equity with the mean score of 10.63, Tobin’s Q with the mean score of 1,066.90, earnings per share with the mean score of 1.43, and market capitalization with the mean score of 50.82. Furthermore, the results of hypothesis testing revealed that the structural equation modeling was perfectly fit for the empirical data as indicated by six accepted indices. Those accepted indices included the

chi-square  $\chi^2/df$  (1.235), p-value (0.102), the goodness of fit index (0.902), the comparative fit index (0.987), the root mean square error of approximation (0.049), and the standardized root mean squared residual (0.058). As far as the direct and indirect effects on organizational performance of the firms listed on the stock exchanges in Thailand, it was found that market capitalization was directly influenced by human resources practices with the effect size of 0.439 at the statistical significance at the 0.05 level. Also, human resources practices had direct effects on the organizational wellbeing with the effect size of 0.839 at the statistical significance of the 0.01 level.



## ACKNOWLEDGEMENTS

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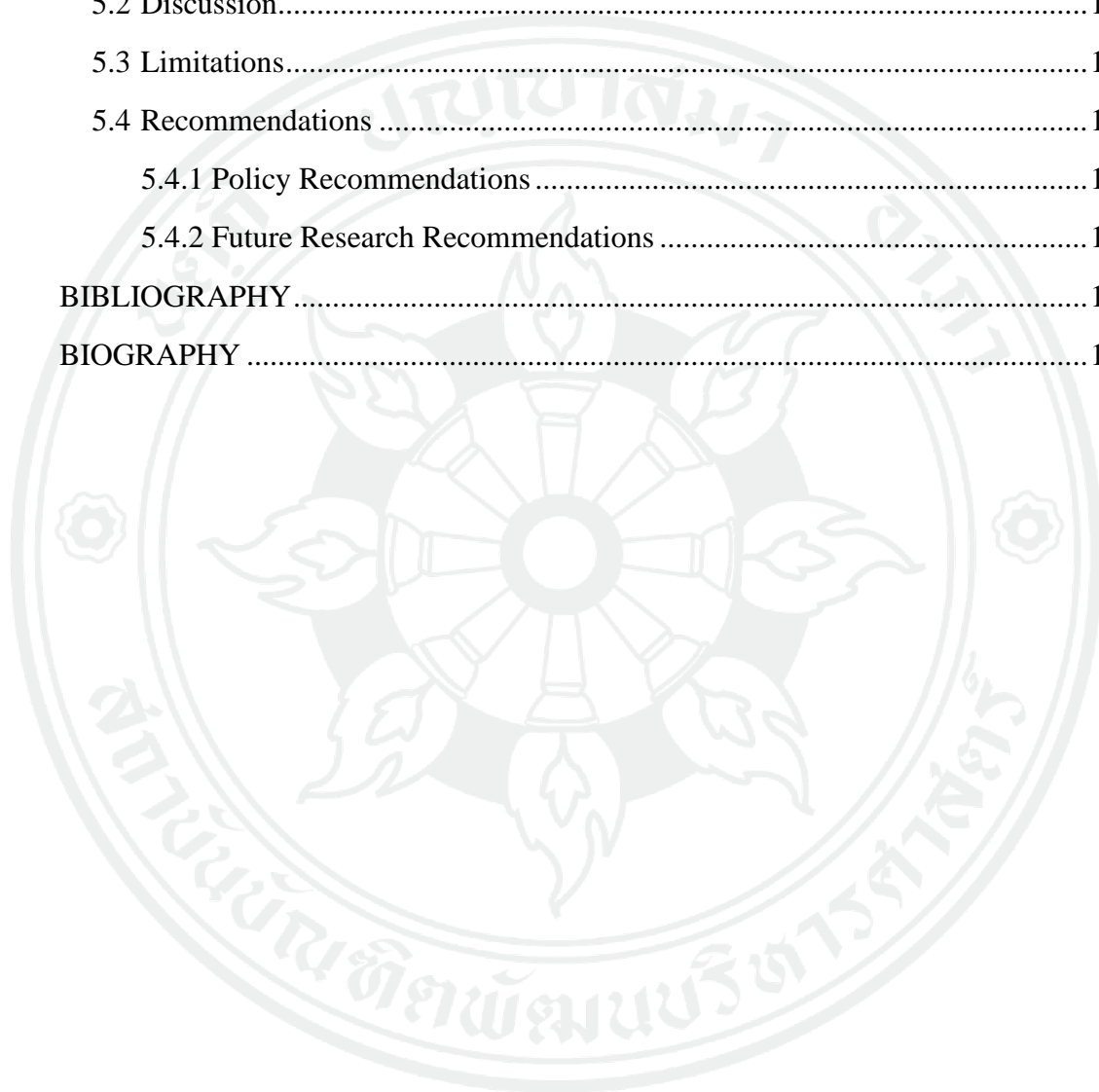
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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background and Significance of the Study**

The Tom Yum Kung crisis occurred in the Southeast Asia region in 1997, and was caused by inefficient mechanisms of good governance, a lack of transparency, ineffective and inefficient management, and the lack of stakeholders' participation; both public and private organizations adopted the principles that focused on participation, checks and balances, fairness, efficiency and effectiveness. Such principles were called good governance, which were applied to administration (Sanit Nunin, 2016). The concept was disseminated to public and private sectors domestically and internationally (OECD, 1998). The implementation of good governance by the public sector stressed that people, citizenship, community, and civil society were the center of principles. The principles required organizations to make good relationships with citizens, satisfy people's needs, and give the people human dignity. The public sector was also required to decentralize its authority to rural communities and changing its role and duty to become a practitioner of support and monitoring. In addition, it was required to adjust its role and duty, along with the review of approaches to development that took public benefits into account. Besides, the public sector was required to realize the importance of accountability (Denhardt & Denhardt, 2003, pp. 42-43, as cited in Ratchaya Phakdichit, 2012, p. 20). Applying the concepts of good governance to the administration of private sector or corporate governance was a system that guided and control firms. It was a relationship between the board of directors, management, shareholders, and stakeholders who could determine the direction and scrutinize firms' performances (Ratchaya Phakdichit, 2012, p. 21). Corporate governance was concerned with the relationship between the management, the board of directors, shareholders, and other related stakeholders of an

organization. It also served as a framework of practices, monitoring and evaluating organizational performance to achieve the organizations' mission (Securities and Exchange Commission, 2017).

With a continuously changing and developing world, more and more organizations drove themselves in the same direction. The Stock Exchange of Thailand (SET) was no exception. It had developed itself to reach the standards of the global capital market which were characterized by complexity and highly intense competition. As a result, it was necessary for the Stock Exchange of Thailand to create products and services that met the international standards in response to the demands of all parties. In response to the mission to create the country's economic prosperity set by Thailand's capital market, the products and services must be able to attract local and foreign investors. Thanks to the Securities and Exchange Act B.E. 2535, the SET and the Market for Alternative Investment (MAI) have had a clear structure of operation in the area of governance and development. The Act, moreover, allowed the SET to become the center of buying and selling securities and offering a full range of related services and improved the operation and services to meet the international standards (The Stock Exchange of Thailand, 2005).

Since 2002, the SET campaigned and promoted companies listed on the SET and the market for alternative investment (MAI) to realize the importance and benefits of good governance. The SET proposed 15 principles of good governance for SET and MAI-listed firms to serve as guides to practices. In 2006, the principles were revised after a comparison with the Organization for Economic Co-Operation and Development (OECD). Minor revisions of the principles of good governance were also made in 2012 to improve those principles to suit the environment that the SET and MAI-listed companies were operating in. The principles can be divided into five categories: the rights of shareholders, equal treatment of shareholders, role of stakeholders, information disclosure and transparency, accountability of the committee (The Stock Exchange of Thailand, 2012). Moreover, corporate governance ratings (CG Rating) were created by the Thai Institute of Directors. It would be beneficial to the SET and MAI-listed firms to have the CG rating since it creates a positive reputation and image. The higher rating, the more competitive the companies became in terms of returns on assets, returns on equity, and market share. Particularly,

companies with higher CG rating scores would gain a higher market share than those with low CG rating scores (Suphani Nawakul, 2010). Consistent with a study conducted by Renders et al. (2010, p. 87), the CG Rating was positively associated with organizational performance. However, it depended on the quality and environment of the institution to determine the rating scores.

Good governance affects all people in society and is involved in business activities both directly and indirectly, such as through entrepreneurs, business owners, business partners, customers, and employees. These can be called organizational stakeholders (Seksan Chamroenwong, 2007. p. 1). Good governance is an act of governing the relations of stakeholders, emphasizing business operations to follow rules, regulations, and laws of the related agencies. It is known as ‘compliance-driven’ corporate governance. In addition, the top management of an organization needs to place their attention more on functional governance. Functional governance is a mechanism that establishes good governance to ensure that human resource management, such as compensation, health insurance, retirement, training and development, is worth the investment and adds more value to good governance. Top management is also required to incorporate the best practices of human resources. These best practices include recruitment process at the employee level, compensation, and codes of conduct for employees in compliance with the principles of good governance (Somchai Suphathada, 2011, pp. 14-15). Companies are encouraged to place their attention on investments in a system of human resource management to enhance organizational capabilities and find competitive advantages. The system should be designed to manage human resources to improve capabilities, skills, love, and organizational engagement (Nisada Wedchayanon, 2016). These requirements develop employee capabilities and experience. The companies’ board of directors must take employees’ benefits, welfare, and expectations into consideration. The more the companies can respond to their employees’ expectations, the greater their commitment to the companies’ success (Anya Khanthawit, Sinlapaphon Srichanpet, 2009, p. 355). Furthermore, creating happiness in the workplace and good health encourages employees to give more effort, devotion, and determination to their work, resulting in increased organizational performance (Natthaphon Chariyapanya, 2013). Maintaining employee wellbeing means that internal and external organizations



stakeholders are cared for. From an internal organization perspective, wellbeing is significant not only for employee health but also for managers and organizations. It is evident that employee wellbeing and organizational outcomes are related, for example, in performances and outputs (Kowalski & Loretto, 2017). Recently, interest in the organizational wellbeing has been on the rise, domestically and internationally, and has become one of the central topics of various theories and empirical studies (Schaufeli, 2004; Horn et al., 2004).

There is a wide range of research that examines good governance in different aspects; however, the literature on the relationship between good governance, human resources management, and wellbeing in the context of firms listed on the SET is sparse, with the focus being primarily on investigating the relationship between good governance rating scores and organizational performance (e.g. Berthelot, Morris, & Morrill, 2010; Zagorchev & Gao, 2015; Iqbal, Nawaz, & Ehsan, 2018), including board of directors (Mishra & Mohanty, 2014; Singh, Tabassum, Darwish, & Georgios, 2018). Moreover, the above studies examine these issues in the context of shareholders. This study explores corporate governance, human resource practices, and organizational wellbeing from the perspective and according to the stakeholder dimensions. Stakeholders can be individuals or groups that are affected by successful organizations (Freeman, 1984). The study aims to obtain empirical information about the effects of corporate governance, human resource practices, and organizational wellbeing on organizational performance as well as bringing about results that can be utilized to determine the direction of, and policies on, good corporate governance. Ultimately, internal and external stakeholders are the target of such effects.

## **1.2 Research Questions**

1.2.1 How related are good governance, human resource practices, organizational wellbeing, and the performances of the companies listed on the stock exchanges in Thailand?

1.2.2 Which – if any – factors, between good governance and human resource practices, have direct and indirect effects on the performance of companies listed on the stock exchanges in Thailand?



### **1.3 Research Objectives**

1.3.1 To examine the relationship among good governance, human resources practices, and organizational wellbeing toward the performances of the companies listed on the stock exchanges in Thailand.

1.3.2 To explore the direct and indirect effects among good governance, human resource practices, and organizational wellbeing toward the performances of the companies listed on the stock exchanges in Thailand.

1.3.3 To investigate the causal relationship good governance, human resource practices, and organizational wellbeing toward the performances of the companies listed on the stock exchanges in Thailand.

### **1.4 Research Scope**

#### **1.4.1 Population Scope**

The population in this research was the companies that were listed on the stock exchanges in Thailand. Such companies were required to receive good governance scores of “Good”, “Very Good”, and “Excellent” during 2016 – 2018. The total companies that matched the requirement were 415 and the unit of analysis was at organizational level.

#### **1.4.2 Scope of Research**

This research was aimed at examining the influences of good governance, human resource practices, and organizational well-being on the performance of the companies listed on the stock exchanges in Thailand.

### **1.5 Expected Contributions**

1.5.1 It is expected that the results will be beneficial to the companies listed on the SET and the market for alternative investment as good governance, human resource practices, organizational well-being are significant determinants that can lead to the development of human resource practices and organizational well-being.

1.5.2 It is expected that the results would be useful to the SET and MAI-listed firms' board of directors, their administrations, and human resources departments. The results can be utilized to determine organizational directions and policies for the treatment of internal and external organizations' stakeholders.

1.5.3 It is expected that this research will contribute to the development of knowledge about public administration and social science in terms of good governance, human resources management, and well-being that contributed to better organizational performances.

## 1.6 Definition of Terms

**The Stock Exchange of Thailand (SET)** is the stock market for long-term fundraising aimed at large corporations. Those large corporations were required with paid-up capital in common shares after public offering worth at least 300 million baht.

**The Market for Alternative Investment (MAI)** is a source of fundraising for firms with paid-up capital in common shares after public offering worth at least 50 million baht. It focused on the firms that demonstrated high growth for possible business expansion.

**Direct effect** is defined as the relationship between two variables. One variable was a causal variable that affected an effect variable directly.

**Indirect effect** refers to the relationship between an antecedent variable or casual variable and an effect variable through mediator variable.

## **CHAPTER 2**

### **LITERATURE REVIEW**

In this chapter, the literature in relation to “Corporate governance, Human resource practices, Organizational Wellbeing, and Performances of the Companies Listed on the Stock Markets in Thailand” is reviewed and divided into six sections as the following.

- 2.1 Concepts of organizational performance
- 2.2 Concepts of good corporate governance
- 2.3 Concepts of human resource management
- 2.4 Concepts of organizational wellbeing
- 2.5 Research framework
- 2.6 Research hypothesis

#### **2.1 Concepts of Organizational Performance**

Organizational performance (OP) is a key to survival of a company. In the literature on business and management, it is widely accepted that organizational performance is the most important determinant of all the benefits. Organizational performance is a concept that encompassed human resources management department, marketing management, operational management, international business management, strategic management, and IT management (Hult, Ketchen, Griffith, Chabowski, Hamman, Dykes, Pollitte, & Cavusgil, 2008; March & Sutton, 1997; Richard et al. 2009). It helped improve the business to be profitable and survive in the long run (Bititci, Garengo, Dorfler, & Nudurupati, 2012; March & Sutton, 1997).

### **2.1.1 Definition of Organizational Performance**

Organizational performance can have different definitions in multidimension and multifunction. Barney (2001) established conceptual framework of organizational performance in terms of the values a company has created. It is measures by comparing efficient assets against the values the owners of the assets would receive. Verweire and Berghe (2004) suggested that organizational performance is an evaluation and reporting that measures the capacities of management to achieve organizational objectives. In general, it is defined as nonfinancial and financial indicators that can assess a level of organizational achievements, including its objectives (Kaplan & Norton, 1992). Differences between organizational performance (OP) and organizational effectiveness (OE) are also analyzed in the study (Richard et al., 2009). While the first refers to financial performance, product market performance, and return to shareholders, the latter is operation effectiveness, customer satisfaction, and corporate entity social responsibility (CSR) in addition to financial performance (Richard et al., 2009).

### **2.1.2 Measurements of Organizational Performance**

Organizational performance is a concept that depends on the relevant context being examined (Hofer, 1983). It considers the quantitative and qualitative outcomes from various activities that are designed and planned (Yidiz, 2010). The measurement of organizational performance is a process that evaluates operational effectiveness and efficiency (Neely, Gregory & Platts, 1995) and which is a requirement of effective management of certain companies (Demirbag, Tatoglu, Tekinus and Zaim, 2006). Process improvement cannot be achieved without outcome evaluation. Organizational performance measurement is the most significant principle of organizational evaluation, practices, and environment. Organizational performance is characterized by three elements (Neely, 2002).

- 1) The first element is financial performance such as profits, return on assets, and return on investment.
- 2) The second element is market performance, for example, sale and market share.

3) The third element is shareholder return, including total shareholder return and economic value added.

Dyer and Reeves (1995) divided organizational performance measurement into four groups. The first group is human resources outcomes. It is related to human resources performance toward employees, such as job satisfaction, employee engagement, and leave of absence from work. The second group is organizational outcomes that focus on measuring organizational performance by an increase in productivity, quality, and the loss of products. The third group is financial outcomes that emphasize expenditure, revenue, and profitability. The fourth group is marketing outcomes that focus on organizational values and stock prices of an organization.

Quinn and Rohrbaugh (1983, pp. 365-367) examine organizational effectiveness by systematizing its constructs in a concrete manner which constitutes an integrative model. Such a model is called the competing values approach. As a result of the approach, it can be concluded that the constructs or variables used for assessing organizational effectiveness are an underlying theoretical framework in the value dimension. The value dimension arises from three aspects. The first is concerned with the focus on the inside of an organization; that is, that it places its attention on the wellbeing and development of employees which will lead to the outside of the organization. The second aspect is that organizational structures is emphasized, creating stability that results in flexibility. The third aspect of the value dimension is method (e.g. planning and targeting) and outcomes (e.g. productivity).

When an organization focuses on the dimension of its inside, Quinn and Rohrbaugh (1983c 370) pointed out that a set of internal organization values would compete against a set of the external values of the organization. The authors go on to explain that the organization itself is a tool designed for achieving the goal of working and gaining resources from the outside of the organization. Thus, it is necessary for organizations to adapt to the changing environment to maintain its competitive advantage. The study finds that the internal values of the organization are a socio-technical system that all individuals in the organization would have unique feelings, for example, likes or dislikes, social acceptance's needs, receiving proper news and information, and job security. Therefore, when the organization focuses on maintaining a set of internal values, it will decrease its balance, since the competition



started within the organization. On the contrary, when the organization emphasizes a set of external values, for instance, team unity, its competitive advantage will decline.

Studies on the organizational performance of companies listed on the stock market find that most researches embrace financial performance as a measurement tool and researchers used profitability ratios, all of which are accounting-based measurements. Such measurements include return on assets (ROA) (Mishra & Mohanty, 2013; Chiraphong Phongphatthana, 2015; Khanakan Pupara, Reukchai Phupratheip, & Nathakorn Kannaraphong, 2016; Phonanong Butsaratrakul & Sunthari Laophadchan, 2017) and return on equity (ROE) (Khanakan Pupara & Ruekchai Phuprathipsiri, 2016). For market-based measurements, Tobin's Q adopts (Phattharaphong Techathonset, Orawan Cheamueangphan, 2017; Phonanong Butsaratrakul & Sunthari Laochadphan, 2017; Singh et al., 2018).

The ratios used in this research are summarized as follows.

### **1. Return on Assets (ROA)**

Return on assets is a ratio that measures a corporate entity's capability to utilize its assets for profit generation. It also measures the effectiveness of the corporate entity to use its assets. If the return on assets is higher than the average return on assets of an industry, the effectiveness of utilizing the assets are high (The Stock Exchange of Thailand, 2012).

$$\text{ROA} = \frac{\text{Net profit} + (1 - \text{tax}) (\text{interest payment}) + \text{profits of minor shareholders}}{\text{Total assets}}$$

### **2. Return on Equity (ROE)**

Return on equity is a ratio between net profit of common shareholders and preferred shareholders. The ratio is related to shareholders, which included capitals, accumulated profits, and related reserved capitals without any short-term and long-term liabilities. It measures return on investment by shareholders. The results of the ratio indicate the capital in part of owners that has been invested and how well the management could generate capital. In other words, if the return on equity is greater than the average return of equity by an industry, the management is efficient for generating higher profitability (The Stock Exchange of Thailand, 2012).

$$\text{ROE} = \frac{\text{Net profits} - \text{dividends of preferred stock}}{\text{shareholders' equity}}$$

**3. Market Values** are measures by Tobin's Q. It integrated financial statements and market values. It evaluated a business performance/business value. Also, it served as a source of information for decision making in future investment. However, Tobin's Q is not widely popular since its calculation is complicated. This research used Tobin's Q developed by Chung and Pruitt (1994) as it had been revised to be easier.

$$\text{Tobin's Q} = \frac{\text{Market values of common shares} + \text{book values of liabilities}}{\text{book values of assets}}$$

**4. Earnings Per Share** is a ratio that measures the ability of a business to generate profits for common shareholders. If the ratio is lower than appropriate values, it means that the business is able to generate less profits or had too many numbers of common shares. If the ratio is greater than the appropriate values, the business is able to generate more profits or few numbers of common shares.

$$\text{Earnings per share} = \frac{\text{Net Income}}{\text{Outstanding shares}}$$

**5. Market Capitalization** It is the market value of companies listed on the stock exchange. The market value is calculated based on a stock's closing prices multiplied by currently listed shares.

$$\text{Market capitalization} = \text{a stock's closing price} \times \text{the number of outstanding shares}$$

Therefore, return on assets (ROA), return on equity (ROE), Tobin's Q, earnings per share (EPS), and market capitalization are adopted and treated as variables to examine organizational performance of firms listed on Thailand's stock exchanges in this research.



## **2.2 Concepts of Good Corporate Governance**

### **2.2.1 Definition of Corporate Governance**

Corporate governance is concerned with keeping a balance between socio-economic objectives and individual and community objectives. It is a broad theory that guides corporate entity administration and benefits of shareholders (Ahmed, Mamtaz Uddin & Yusuf, 2005; Grant, 2003, p. 923). In business environment, corporate governance is a mechanism that governed and controlled business operation. It specified the rights and duties of related parties, for example, board of directors, top management, shareholders, or relevant stakeholders separately. Corporate governance is established as the principles and practices for the to make decisions by adhering to the corporate entity's goals (OECD, 1999). It, moreover, is an important matter that general people had paid their attention to, including regulators and the top management of an organization. The adoption of corporate governance would result in the organization's quality administration and management. In addition, transparent disclosure of information is one of its principles. Corporate governance allowed the firms to have better operational performances meeting the operational standards that promoted business efficiency. It enabled the organizations to stay competitive over their rivals and create value-added to business owners and all stakeholders (Ratchaya Phakdichit, 2012, pp. 136-140). Besides, corporate governance is a mechanism that helps reduce the problems of agency. It consists of the organizations' internal and external mechanisms. Internal mechanism included efficient board of directors, a gathering of shareholders, and financial structure while the latter is mergers, agency problems, and conflicts of interest among stakeholders. The stakeholders could be a group of business owners or shareholders, a group of debtors, and a group of top management and employees. The group of top management and employees are human resources of the organization (Hart, 1995, as cited in Seksan Charoenwong, 2007, p. 13).

The SET (2017, p. 4) stats that corporate governance refers to governing relations, including the mechanisms and measures that govern decision making of people in the organization corresponding to the objectives.

### **2.2.2 Principles of Corporate Governance**

Corporate governance consists of four principles: transparency or openness, integrity, accountability, and competitiveness. Transparency or openness is a foundation that ensured trust between a company and stakeholders within the constraints of competition. Integrity is a principle of doing business within the good ethical framework. Accountability is a responsibility for operation which is vital to board of directors and shareholders. Competitiveness is the target that helped create prosperity and shareholders added value (The Good Corporate Governance Subcommittee, as cited in Anya Khanthawit, Sinlapaphon Srichanpet, & Dueanpen Chansirisri, 2009, p. 56). Some parts are in line with the concept of Aniwat Kaewchamnong (2009, p. 235), stating that good corporate governance included justice, good behavioral practices, company practices of competitors, customer practices, employee practices, and transparency.

### **2.2.3 Conceptual Framework of Good Corporate Governance**

Good corporate governance is a principle of building a confidence in market and business ethics. It is necessary for the companies that wanted to access financing for a long-term investment. Access to financing is essential for the organizations focusing on growth in the future and enhancing a balance in the capability to invest (OECD, 2015, p. 3). The 2015 version of good corporate governance included 6 principles as follows:

- 1) Ensuring an effective corporate governance framework
- 2) The rights and equitable treatment of shareholders are provided.
- 3) Institutional investors
- 4) The role of stakeholders in corporate governance
- 5) Information disclosure and transparency
- 6) The board of directors' responsibilities

In 2012, the SET defined a framework of good corporate governance for listed firms. The framework specified the principles and good practices of corporate governance, but not covering the subjects that the laws had stipulated. There are five categories: shareholders' rights, equitable treatment of shareholders, role of stakeholders, information disclosure and transparency, and board of directors'

responsibilities. For shareholders' rights, the companies should determine the best practices for the shareholders. For example, they must recognize their shareholders, protect shareholders' basic rights and promote all shareholders to exercise their rights according to the law. For equitable treatment of shareholders, firms should protect the shareholders' rights and benefits. They must treat their shareholders equitably and fairly. For the role of stakeholders, the companies should recognize the rights of all relevant stakeholders. They operate their business by adhering to the responsibilities for the stakeholders, including openness and relations for shared benefits in a sustainable manner. For information disclosure and transparency, the firms should realize the importance of disclosing the information to the investors and stakeholders for their decision making. They must reveal both financial and non-financial information. Such information must be correct and complete in a timely and reliable fashion. For board of directors' responsibilities, the board of directors play an important role in governing the company's business operation and appropriate structure of board of directors should be determined. In addition, their authority and duties should be clearly written so that they can work effectively (The Stock Exchange of Thailand, 2012, p. 1). In 2017, the SET recognized the problems of social changes and deforestation of global environment caused by the industrial development and business expansion. As a result, they issued new principles of good corporate governance for board of directors. The board of directors had a significant role and responsibilities for driving good corporate governance within a company. The new principles of good corporate governance integrated social and environmental issues into business process which covered companies direction, strategy, operation process, monitoring and reporting and serves as a framework for listed firms to run their business with social and environmental responsibilities as well as creating values for the companies sustainably (Securities and Exchange Commission, 2017).

World Bank (2000, pp. 4-5) explained the conceptual framework of corporate governance in the views of public and private sectors. It reflected interrelated impacts between internal stimuli (meaning that the relationship between important role in the company) and external pressure (policy, laws, regulations, and market) that helped governed organizational behavior and performances.

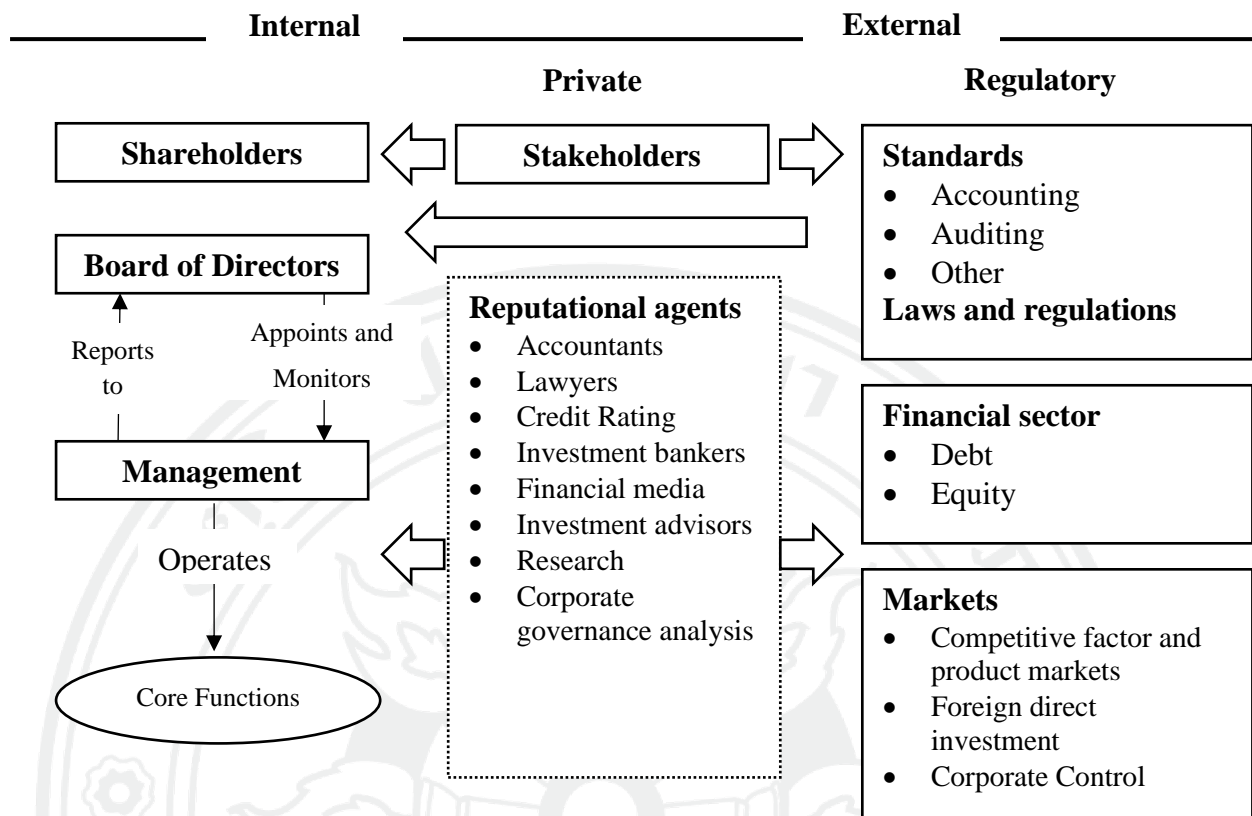


Figure 2.1 Corporate governance framework  
Source: World Bank, 2000, pp. 4-5.

#### 2.2.4 Corporate Governance Ratings

The Thai Institute of Directors established corporate governance rating or CG rating for all listed firms with 148 criteria. The 148 criteria are divided into five categories: shareholders' rights, equitable treatment of shareholders, role of stakeholders, information disclosure and transparency, and board of directors' responsibilities. The CG rating would be given to the listed firms with an evaluation based on their public available information, for example, annual report, 56-1 financial statements, invitation to the annual general meeting of shareholders, minutes of shareholders' meeting, and companies' websites. The CG rating's symbol is a triangle in dark blue and is called "star". Its rating comprised of 5-star score, 4-star score, and 3-star score, which means "excellent", "very good", and "good", respectively. The listed firms that received the score below the stars would not be revealed. The stars helped facilitate the investors to estimate the CG of each listed firm. The listed firms

with poor corporate governance indicate their poor business status and affected their share prices. The board of directors play an important role in creating an image of company's reliability since they governed and controlled the top management's work to be compliant to laws and ethics, recognizing stakeholders and shareholders (Saowani Suwannarong, 2013).

### **2.2.5 Theories Related to Corporate Governance**

The agency theory is introduced by (Berle & Means, 1932) in a book, entitled "The Modern Corporation and Private Property". The book separated the ownership from internal control. Later, it is developed to be applied to the management of large corporations. Jensen and Meckling (1976) stated that the agency theory explained the relationship between an agent and a principal. The principal could be shareholders or investors. The separation of the ownership from management caused problems for agents since the owners cannot closely monitor the operation carried out by the agents or the managers. The problems are the conflicts of interest and shared risks between the agent and the principal (Fama and Jensen, 1983). Therefore, the agency theory is a result of corporate governance. With an organization under the governance of the committee appointed by the organization's owner or shareholders, the committee is responsible for the formulation of strategies to achieve the corporation's objectives. In addition, they did the hiring of the managers, supervisors, employees who would implement the strategies (Siriphon Srichanphet, 2010, p. 22).

The stakeholder theory is based on the conceptual framework developed by Barnard (1938) in a book, entitled "The Functions of the Executive". The book presents a positive side of a manager who is supportive of social responsibility. Freeman (1984) agreed that the executives must create satisfaction for the people who can influence a company's outcomes, and there are many people that the executives should do: employees, customers, and local suppliers. Thus, it can be said that the stakeholders are individuals or groups that can affect or be affected by the company's success. Post, Lawrence, and Weber (2002) defined stakeholders as individuals or groups that can influence and be influenced by organization's decision making, policy, and operation. The stakeholder theory extended the understanding of company nature that should include stakeholders in a new, wider perspective. The company is



expected to take responsibility for society and stakeholders. Silent stakeholders are also included in this case. The silent stakeholders are local community and environment. The stakeholder theory dealt with the company's stakeholder management that considered needs, interests, and effects arising from policy and operation. For the company to exist, grow, or fall, the stakeholders are legitimate to determine its fate (Archari Prachuapmor et al, 2017).

The stewardship theory is grounded on the concepts in the field of philosophy and social science. It stated that an individual would mainly respond to social needs. The executives are representatives of the company that would do for the benefits of shareholders. They are agents whose attitude is that the management of the company is their duties. If they can make the company successful, the executives would be socially accepted. Social acceptance is their highest needs. Therefore, motivation is not needed for the executives to carry out their duties. It could be partly because organizational performance did not affect the executives' salary. Additionally, organizational performance relied on its structure or situation that facilitated management; thus, organizational structure should be clear, and the executives should be given enough authority for decision making. The stewardship theory is an element of the agency theory, not an opposite. Their difference is that the agency theory is based on reasoned actions of individuals while the stewardship theory is grounded on a different model. Donaldson and Davis added that the two theories should be integrated for research reference (Donaldson & Davis, 1997, as cited in Archari Prachuapmor et al, 2017).

#### **2.2.6 Previous Studies in Relation to Corporate Governance and Organizational Performances**

Most studies that examined the relationship between corporate governance and organizational performances used return on assets (ROA) (Chiraphong Phongphanphatthana, 2015; Iqbal, Nawaz, and Ehsan, 2018; Mishra and Mohanty, 2014; Phonanong Butsaratrakul and Sunthari Laochadphan, 2017) and return on equity (ROE) (Iqbal, Nawaz, & Ehsan, 2018; Khanakan Pupara & Ruekchai Phuprathipsiri, 2016; Phatthra Techathanaset & Orawan Cheamueangphan, 2018) as a measurement of financial performance. Moreover, Tobin's Q is adopted to measure

business value. In addition, organizational performances are evaluated by market value, accounting outcomes, and earnings per share (Berthelot, Morris, & Morrill, 2010; Thinthat Kosanwit & Khiangkhwan Angsorawong, 2019) risk taking, accountability (ROIAE, ROIAA, ROAE, ROAA) (Mollah & Zaman, 2015), portfolio yield (PY), operational self-sufficiency (OSS), operating expense ratio (OER) (Iqbal, Nawaz, & Ehsan, 2018), market price to book value (Khanakan Pupara & Ruekchai Phuprathipsiri, 2016), and market capitalization (Phattharaphong Techathonset & Orawan Cheamueangphan, 2017).

The elements of corporate governance that would be embraced when the factors influencing organizational performances are studied included corporate governance scores (Berthelot, Morris, & Morrill, 2010; Chayakrit Asvathitanont, 2011; Phattharaphong Charoenkitcharukon, 2017; Phatthra Techathanaset, Orawan Cheamueangphan, 2018; Phonanong Butsaratrakul & Sunthari Laochadphan, 2017; Thinthat Kosanwit & Khiangkhwan Angsorawong, 2019) corporate governance index (Zagorchev & Gao, 2015; Iqbal, Nawaz, & Ehsan, 2018), board of directors (Mishra & Mohanty, 2013; Singh, Tabassum, Darwish, & Batsakis, 2018; Chiraphon Phongphatthana, 2015), and shareholder structure and the results of sustainability evaluation (Phatthra Techathanaset, Orawan Cheamueangphan, & Phonchai Techathanaset, 2018). Furthermore, it is found from the previous studies that corporate governance had the same direction as accounting operational performance, such as ROA, ROE, Tobin's Q, and operational self-sufficiency (OSS) (Berthelot, Morris & Morrill, 2010; Zagorchev & Gao, 2015; Iqbal, Nawaz, & Ehsan, 2018; Phattharaphong Charoenkitcharukon, 2017; Phatthra Techathanaset, Orawan Cheumueangphan, & Phonchai Techathanaset, 2018). Besides, certain elements are found to have positive effects on organizational performances. The elements are Board independence, CEO duality, and debt to total asset ratio (Iqbal, Nawaz, & Ehsan, 2018; Phonanong Butsaratrakun & Suntrari Laochadphan, 2017).



Table 2.1 Summary of the literature regarding corporate governance and organizational performance

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
1. <b>Corporate governance ratings and financial performance: a Canadian study.</b> (2010). Sylvie Berthelot, Tania Morris and Cameron Morrill	To test the variables of Corporate governance rating and financial performance	Corporate Governance Score		Market Value and accounting outcomes	<ul style="list-style-type: none"> <li>Quantitative method</li> <li>Panel data from 291 companies in Canada from 2002-2005</li> <li>Data analysis: S.D. Median, Min, Max. Correlation, Regression</li> </ul>	CG rating is associated with market value and accounting outcomes.
2. <b>Corporate governance as a value driver for firm performance: evidence from India.</b> (Mishra and Mohanty, 2014)	To examine corporate governance in India and the relationship between corporate governance and financial performance	CG Indicator <ul style="list-style-type: none"> <li>Legal Compliance</li> <li>Board of Director</li> <li>Proactive Approach</li> </ul>	Firm size	Firm Performance (ROA)	<ul style="list-style-type: none"> <li>Quantitative method</li> <li>141 firms listed on the Stock Exchange of Mumbai with the A rating</li> <li>Data analysis: stepwise regression</li> </ul>	<ul style="list-style-type: none"> <li>The board of directors and proactive strategy had the relationship with firm performance.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
3. <b>Corporate governance and the performance of financial institutions.</b> (Andrey Zagorchev and Lei Gao, 2015)	To test the variables between corporate governance and financial institutions in USA	Corporate governance 41 index		Performance of financial institutions (non-performing assets/total assets, real estate owned non-performing assets/total assets and Tobin's Q	<ul style="list-style-type: none"> <li>Quantitative method</li> <li>Secondary data collected from 820 financial institutions in USA during 2002-2009 obtained from Risk Metrics' Corporate Governance Quotient (CGQ)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance had a relationship with non-performing assets at a weak level. Real estate owned non-performing assets had a relationship with Tobin's Q Good at a high level.</li> </ul>
4. <b>Shari'ah supervision, corporate governance and performance: Conventional vs. Islamic banks.</b> (Sabur Mollah and Mahbub Zaman, 2015)	To test the variables of Shari'ah supervision, corporate governance, and organizational performance	Board structure, CEO power and Shari'ah supervision		Performance, Risk Taking and Accountability (ROIAE, ROIAA, ROAE, ROAA, Tobin's Q)	Data are obtained from BankScope database observed during 2005-2011, including Datastream, and World Bank country.	<ul style="list-style-type: none"> <li>Shari'ah supervision board had a positive association with Islamic banks' financial performance.</li> <li>Board structure and CEO power had a negative relationship with Islamic banks' financial performance.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
<b>5. Financial performance and corporate governance in microfinance: Evidence from ASIA.</b> (Sana Iqbal, Ahmad Nawaz, Sadaf Ehsan, 2018)	To analyze corporate governance and financial performance	Corporate governance index (Board size, Board diversity, CEO/Chairman duality, Female CEO, Ownership type)	Age, Size, Risk (PAR30), Human Development Index (Index)	ROA, ROE, portfolio yield (PY), Operational Self-Sufficiency (OSS), Operating Expense Ratio (OER)	Panel data of 173 MFIs in 18 Asian countries during 2007-2011 are used. Data are analyzed by regression.	<ul style="list-style-type: none"> <li>• CGI had a positive relationship with ROA.</li> <li>• CGI had a positive relationship with ROE and OSS.</li> <li>• CGI had a negative relationship with PY.</li> <li>• CGI had a negative relationship with OER.</li> <li>• Risk (PAR 30) had a negative relationship with ROE, ROA, and OSS.</li> <li>• Corporate governance improved financial performance and reduced administrative expenditure.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
<b>6. Corporate Governance and Tobin's Q as a Measure of Organizational Performance.</b> (Satwinder Singh, Naeem Tabassum, Tamer K. Darwish and Georgios Batsakis, 2018)	To test the relationship between corporate governance and organizational performance	Board of Directors (Board Size, Board independence, CEO duality, Board Committee)	Ownership Concentration	Tobin's Q	Data obtained from the KSF stock exchange observed during 2009-2015 are used.	<ul style="list-style-type: none"> <li>Board size and ownership had a positive association on Tobin's Q.</li> <li>Board independence and CEO duality had a negative relationship with Tobin's Q.</li> </ul>
<b>7. Good corporate governance mechanism and organizational performance: the companies listed on the SET</b> (Chiraphong Phongphanphatthana. 2015)	To examine the relationship between good corporate governance and organizational performance	Good corporate governance included: 1) board structure such as number of board of directors, proportion of board independence, and chairman and executive directors not the same persons. 2) Shareholder structure	<b>Control variable</b> business size  <b>Mediating variable</b> Direct business experience of board of directors	<b>Financial performance</b> Return on assets (ROA)	Data observed from 584 companies listed on the SET (except financial and insurance businesses) during 2010-2012 are used. Multiple Regression analysis	<ul style="list-style-type: none"> <li>Number of board of directors and shareholder structure had a positive association with financial performance at a statistically significant level.</li> <li>Board of directors' direct business experience influenced the relationship between the proportion of shareholders and financial performance.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
<b>8. Corporate governance influencing organizational performance: a case of financial firms listed on the SET</b> (Khanakan Pupara, Ruekchai Phuprathipsiri, 2016)	1) To examine the relationship between corporate governance and organizational performance 2) To compare the importance level of corporate governance against organizational performance	<ul style="list-style-type: none"> <li>Size of the board of directors</li> <li>The proportion of board of directors that are not executive directors</li> <li>Proportion of shareholders</li> <li>Proportion of shares owned by executive directors</li> <li>General manager and chairman are not the same person.</li> </ul>		<ul style="list-style-type: none"> <li>Return on assets (ROA)</li> <li>Return on equity (ROE) Market price to book value</li> </ul>	<ul style="list-style-type: none"> <li>Population in this research is secondary data of 59 financial firms listed on the stock exchange of Thailand. The data are acquired from the 2014 SETSMART index.</li> <li>The 56-1 financial statements and annual reports of financial firms listed on the SET are examined.</li> <li>Stepwise multiple regression analysis and correlation analysis are adopted.</li> </ul>	<ul style="list-style-type: none"> <li>Overall, corporate governance influenced organizational performance for the financial firms listed on the SET .When the variables are tested, it is found that the proportion of shareholders affected return on assets and the price ratio of market value to book value.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
<b>9. CG ratings and the factors affecting business values of the companies listed on the</b> (Phattharaphong Techathonset, Orawan Cheamueangphan, 2017)	To survey and compare the CG ratings against business value	CG ratings	Industry categories <ul style="list-style-type: none"> <li>• SET 50 and SET 100</li> <li>• Registered capital</li> <li>• the proportion of main shareholders</li> <li>• The proportion of independence directors</li> </ul>	<ul style="list-style-type: none"> <li>• Tobin's Q</li> <li>• Market prices of common stock</li> </ul>	<ul style="list-style-type: none"> <li>• 635 companies listed on the SET are samples and data used in the study are observed from 2013-2015.</li> <li>• The criteria for selecting the 399 samples included publicly available complete information and CG ratings given by Thai Institute of Directors.</li> <li>• Data analysis: descriptive statistics, simple linear regression, and Chi-Square</li> </ul>	<ul style="list-style-type: none"> <li>• CG ratings of the firms can explain the business value by 11.30 percent at the significance level of 95 percent.</li> <li>• Registered capitals play more important role in business value than did the proportion of main shareholders and the proportion of independence directors</li> <li>• Different industries did not have any influences on CG ratings and business values, except consumer product offering companies and firms listed on the market for alternative investment. No listed companies in the SET 50 index and the SET 100 index are found.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
<b>10. The study on the relationship between compensation of board of directors' corporate governance and organizational performance of the companies listed on the SET</b> (Phonanong Butsaratrakul & Sunthari Laochadphan, 2017)	To explore the relationship between a level of corporate governance, compensation of board of non-executive directors, and financial performance of the companies listed on the SET	<ul style="list-style-type: none"> <li>• A level of corporate governance</li> <li>• Compensation of board of non-executive directors</li> </ul>	<ul style="list-style-type: none"> <li>• Total sales revenues</li> <li>• Total assets</li> <li>• Debt to asset ratio</li> <li>• Expenses to investment ratio</li> <li>• Growth rate calculated from changes in sales revenues</li> </ul>	<ul style="list-style-type: none"> <li>• Listed firms' performances included return on asset and Tobin's q.</li> </ul>	<ul style="list-style-type: none"> <li>• Samples are the firms listed on the SET and the market for alternative investment during 2008-2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation of board of non-executive directors, a level, and firm size had positive effects on return on asset. Debt to asset ratio had negative effects on return on asset with statistical significance.</li> <li>• Debt to asset ratio is negatively associated with Tobin's q.</li> <li>• A level of corporate governance did not have any effects on the relationship between compensation of board of directors and organizational performance.</li> </ul>



Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
<b>11. Shareholder structure, CG rating, and sustainability evaluation influencing organizational performance of the listed on the SET</b> (Phattharaphong Techathonset, Orawan Cheamueangphan, & Phonchai Techathanaset, 2018)	To examine and analyze the impacts of shareholder structure, CG rating, and sustainability evaluation on organizational performance of firms listed on the SET	<ul style="list-style-type: none"> <li>• Shareholder structure</li> <li>• CG rating</li> <li>• Sustainability evaluation</li> </ul>		<ul style="list-style-type: none"> <li>• ROE</li> <li>• EPS</li> </ul>	<ul style="list-style-type: none"> <li>• The samples are 388 firms listed on the SET during 2013-2015. Coding sheet is used to collect the secondary data. The collected data are analyzed by multiple regression.</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder structure by government agencies and foreign investors influenced return on equity.</li> <li>• CG rating with good, very good, and excellent had effects on return on equity but had no effects on earnings per share and corporate governance.</li> <li>• Shareholder structure by foreign investors and business's age influenced earnings per share.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables	Dependent variables	Methodology	Results
<b>12. The relationship between corporate governance and market capitalization: a case of firms listed on the SET and the market for alternative investment.</b> (Thinthat Kosanwit & Kiangkhwan Angsorawong, 2019)	To examine the relationship between the CG rating evaluated by Thai Institute of Directors and business values of firms listed on the SET in the Thai capitals	<ul style="list-style-type: none"> <li>• CG rating</li> <li>• Debt to equity ratio</li> <li>• Business's age</li> <li>• Firm size</li> </ul>		<ul style="list-style-type: none"> <li>• Market capitalization</li> </ul>	<ul style="list-style-type: none"> <li>• 830 firms listed on the SET and the market for alternative investment during 2016-2017 are the samples.</li> <li>• Data are analyzed by mean, standard deviation, max, min, and multiple regression.</li> </ul>	<ul style="list-style-type: none"> <li>• CG rating score had positive effects on market capitalization of the listed firms. Other independent variables included debt to equity ratio, business's age, and sale revenues influenced market capitalization of the listed firms.</li> <li>• The model can explain the market capitalization by 61 percent.</li> <li>• In the market for alternative investment, the CG rating did not have any effects on the market capitalization of the listed firms.</li> </ul>

## **2.3 Concepts of Human Resources Management Practices**

### **2.3.1 Human Resources Management**

The early years of human resources management is known as personnel administration. It is characterized by process administration and “personnel” would focus on routine activities according to process and regulations. The following eras are personnel management and human resources management. The eras viewed people in the organization as resources that must be maximized, since they are human costs. Human resources are not treated as capital that could generate any value to the organization. Currently, they are viewed as human capital of the organization that can create a greater amount of value to the organization than other capitals (Somphot Nopphakun, 2009). Consequently, a human resources manager should utilize an HR proactive strategy (Mathis & Jackson, 2000, p. 25).

Human resources management is defined as strategy and integration that covered various activities with regards to hiring management, development, employee wellbeing, employee management approach, and internal organizational management. It also included human resources management activities, human capital management, knowledge, management, social responsibility, organizational development, resources (labor, planning, recruitment and selection, and talent management), learning and development, compensation, performance evaluation, performance and reward, employee relations, and employee wellbeing. Employee provisions (Boxall & Purcell, 2003, p. 1, as cited in Armstrong, 2016, p. 7; Armstrong, 2014, p. 4) are designed to management human resources system to ensure that human talents are utilized effectively and efficiently and that organizational goals can be achieved (Mathis & Jackson, 2011, p. 4). Consistent with Sarawan Rueangkanlapawong (2012), human resources management refers to a process concerned with people in an organization that human resources management refers to a process concerned with people in an organization that required both strategy and process to handle it. Such strategy and process encompassed relevant elements: planning, recruitment, selection, training and development of human resources, job position, wages/salary, treatment, retention, and performance evaluation. The elements allowed all employees at all levels in the organization to work smoothly and continually, thereby resulting in job satisfaction.

Moreover, they can create prosperity for the organization in response to social changes effectively. Human resources management came in two forms: hard HRM and soft HRM. The first form placed its emphasis on management and interest in employees as resources needed for defining the organization's competitive advantage. The latter one is grounded on humanism, emphasizing the treatment of employees that are considered an asset that allowed the organization to have the advantage over its competitors. Soft HRM is built through attachment, adaptability, high quality of skills, and performance ( Storey, 1989, as cited in Armstrong & Michael, 2010, pp. 10-11).

Legge (1989, p. 25, as cited in Armstrong, 2016, p. 7) said that human resources policy should be integrated into business strategy. It should support appropriate organizational culture and an organization to achieve the objectives through development. For example, the implementation of human resources strategy is integrated with business strategy along with participation in building organizational culture of high performance, establishment of good relationship between the top management and employees, trust environment, and promotion of ethics in human resources management. Schuler (1992, as cited in Armstrong, 2016, p. 9) stated that the 5-P model of human resources management. The model illustrated operational procedures which consists of human resources philosophy, human resources policy, human resources programs, human resource practices, and human resources process. Human resources activities are included in human resources process. Whether or not the activities are strategies depended on the linkage to business strategy (Nisada Wedchayanon, 2012, pp. 144-148). Humana resources management play an important role in serving as keeper and voice of organizational ethics. All managers in an organization are required to cope with ethical and sensitive issues that would affect human resources activities rather than reliance on HR policy and HR laws only (Mathis & Jackson, 2011, p. 15).

### **2.3.2 Human Resource Practices**

Human resource practices had continuously received much attention from academic people since they affected all kinds of organizational performance. HR practices are involved in HRM activities, including management and development of

employees and hiring relations (Armstrong, 2014, p. 37). HR practices are activities that had effects on employees working for the organization in six aspects: human resources planning, staffing management, performance evaluation, compensation management, training and development, and employee relations (Ulrich, 1998; Schuler & MacMillan, 1984, pp. 241-255, as cited in Nisada Wedchayanon, 2011, p. 254). Noe et al. (2012) suggested that there are eight elements of human resource practices that an organization must implement to be in line with the organizational goals: job analysis and work design, human resources planning, recruitment, selection, training and development, compensation, performance management, and employee relations. Armstrong (2010, pp. 18-19) added that the elements of human resources management that can affect organizational culture are attraction, development, a retention of highly skilled employees, talent management, job design and working, learning and development, knowledge management and wisdom capital, increased employee dedication, employee engagement and motivation, psychological contract, high-performance management, reward management, employee relations, and workplace environment (core values, leadership, work-life balance, management of diversity, and job security). Kuslivan, Kuslivan, Ilhan, and Buyruk (2010 as cited in Sharma, 2019) stated that a set of human resources practices encompassed 1) performance evaluation, compensation, and training, 2) recruitment /selection, training and development, and compensation and benefits, 3) training, communication, employee empowerment and decision making, and performance evaluation, 4) best hiring, employee development, employee empowerment and decision making, supportive system provided, and talent retention, and 5) employee perception, respect, and compensation.

Better human resources management practices can lead to the higher level of organizational capabilities. It included employment security, selective hiring, self-managed teams, high compensation contingent on performance, training provided to skilled and motivated workforce, reduction in status differentials, and information sharing (Pfeffer, 1998). Mathis and Jackson (2008, p. 37) mentioned that a set of HR best practices included employment security, selective recruitment, high wages/incentives, information sharing/participation, training/cross-training, promotion from within, and measurement. Appropriate human resources management

practices influence employee motivation and engagement. Their influences depend on three conditions. The first condition is that human resources management practices can have a direct impact on employee characteristics, such as engagement, commitment, motivation, and skills. The second condition is that if employees possess the characteristics, organizational performance would be productive. Additionally, services provided to their customers would be improved along with quality. The third condition is the view toward HR policies and HR practices to improve organizational effectiveness and financial achievement that are affected by internal and external factors. The internal factors that would trigger the improvement of HR policy and HR practices are size, sector, technology, and organizational culture. On the contrary, the external factors included competition, socio-economy, and laws (Guest, 1997, p. 268; Armstrong, 2014, p. 57).

Therefore, human resources management practices are fundamental and important to the organization in creating competitive advantage. The practices are the main human resources management and organizational activities that facilitated the employees to achieve the organizational goals. Moreover, human resources management practices and policy reflected the relationship between employees and the management (Delery & Doty, 1996). Besides, the experts stated that human resources management practices affected employee behavior and attitude, which would result in organizational performance (Huselid, 1995).

### **2.3.3 Theories of human resource practices**

In the theories related to human resource practices, a resources-based view approach (RBV) is used for sustainable competition. Barney (2001) suggested that human resources can be used to create competitive advantage, and they should possess four features: unique, outstanding, core competency, and no substitution. Resources-based view approach recommended an organization to utilize internal resources, physical resources, and intellectual property resources to create competitive advantage (Allen & Wright, 2007). The theory had been extensively found in the previous studies on strategic human resources management and associations between human resource practices and organizational success (Guthrie et al., 2009).



### **2.3.4 Studies on Human Resources Management Practices and Organizational Performance**

Previous studies on human resources management practices and organizational performance mostly look at both financial and non-financial indicators as the tools for measuring organizational performance. Financial indicators included return on assets and return on equity (Tseng & Lee, 2009; Darwish, Singh, & Mohamed, 2013; Theriou & Chatzoglou, 2014; Darwish, Singh, & Wood, 2016). Non-financial indicators are turnover rate, productivity, employee performance, innovation, and employee relation (Tseng & Lee, 2009; Darwish, Singh, & Mohamed, 2013; Theriou & Chatzoglou, 2014; Darwish, Singh, & Wood, 2016). In addition, the results from the previous studies indicate that human resources management practices had positive direct effects and indirect effects on performance through knowledge management, organizational learning (Georgios & Chatzoglou, 2009; Theriou & Chatzoglou, 2014), and organizational capabilities as mediator variables of organizational capabilities (Theriou & Chatzoglou, 2009).

### **2.3.5 Studies on Human Resource Management and Organizational Wellbeing**

The literature finds that, with regard to human resource management and happiness in the workplace, organizational health, the health of organization, and a happy workplace that human resources management had direct effects on happiness at workplace, organizational health, and organizational development (Natthawut Rotnitiruttikul, 2009; Yuphawan Thontanunam et al, 2015; Lawan Phemsukrungrueang & Phanni Suwatthi, 2016; Thidarat Reucha & Kritsada Nanthapet, 2018).

Table 2.2 Summarized literature on human resource practices

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>1. Exploring best HRM practices-performance relationship: an empirical approach.</b> (Georgios & Chatzoglou, 2009)	To examine the linkage between best human resource practices, knowledge management, organizational learning, organizational capabilities, and organizational performance	Best human resource practices: <ul style="list-style-type: none"> <li>• Employment security</li> <li>• Selective hiring</li> <li>• High levels of teamwork and decentralization</li> <li>• Compensation and incentives contingent performance</li> <li>• Extensive training</li> <li>• Employee involvement and internal communication arrangements</li> <li>• Internal career opportunities</li> <li>• Broadly defined job descriptions</li> <li>• Harmonization</li> <li>• Employee health and safety</li> </ul>	Knowledge management, Organizational learning, Organizational capabilities	Organizational performance	<ul style="list-style-type: none"> <li>• Greek companies in the service and commercial sectors with greater than 50 employees</li> <li>• Samples: 242 respondents</li> <li>• Data analysis: descriptive statistics and structural equation modelling</li> </ul>	<ul style="list-style-type: none"> <li>• Companies in the service and commercial sectors that followed human resources best practices can achieve better organizational performance equipped with knowledge management and organizational learning capabilities.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>2. Comparing appropriate decision support of human resource practices on organizational performance with DEA/AHP model</b> (Tseng & Lee, 2009).	To examine the relationship between human resources practices and organizational performances in different industries	Human Resource Practices <ul style="list-style-type: none"> <li>• Motivation</li> <li>• Participation</li> <li>• Training</li> <li>• Hiring</li> <li>• Compensation</li> </ul>		Organizational Performance <ul style="list-style-type: none"> <li>• Turnover</li> <li>• Productivity</li> <li>• Corporate financial performance</li> <li>• Perceived market performance</li> <li>• Employee performance</li> <li>• Innovation</li> <li>• Employee relations</li> </ul>	<ul style="list-style-type: none"> <li>• Data are collected 129 HR managers in electronics industry in Taiwan and their 112 HR managers branches in China.</li> <li>• Structural equation modelling (SEM) is adopted and performed by LISREL.</li> </ul>	<ul style="list-style-type: none"> <li>• Human resources practices influenced organizational performance with statistical significance.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>3. The role of strategic HR practices in organizational effectiveness: an empirical investigation in the country of Jordan.</b> (Darwish, Singh, & Mohamed, 2013)	To examine the understanding human resources practices toward organizational effectiveness	HR Practices <ul style="list-style-type: none"> <li>• Recruitment and selection</li> <li>• Training</li> <li>• Internal career opportunities</li> <li>• Performance appraisals</li> <li>• Extrinsic incentives and rewards</li> <li>• Intrinsic incentives and rewards</li> </ul>	<ul style="list-style-type: none"> <li>• Firm size</li> <li>• Firm age</li> </ul>	<ul style="list-style-type: none"> <li>• Employee turnover</li> <li>• Financial Performance (ROA, ROE)</li> </ul>	<ul style="list-style-type: none"> <li>• Questionnaire is used to collect the data from 104 financial firms listed on the ASE stock exchange.</li> </ul>	<ul style="list-style-type: none"> <li>• HR practices had positive effects on financial performance.</li> <li>• Recruitment, selection, training, and internal career opportunities had positive effects on employee turnover.</li> <li>• Training had positive effects on financial performance.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>4. Getting inside the black box HR practices and firm performance within the Tunisian financial services industry.</b> (Mansour, Gara, & Gaha, 2014)	To examine the effects of the black box HR practices, human capital and organizational commitment on the relationship between high performance working system and perceived organizational performance in the financial industry of Tunisia	<b>HPWS</b> <ul style="list-style-type: none"> <li>• selective hiring</li> <li>• extensive training</li> <li>• performance management</li> <li>• merit-based pay</li> <li>• flexible work design.</li> </ul>	<b>Control variables</b> <ul style="list-style-type: none"> <li>• Age</li> <li>• Gender</li> <li>• Tenure</li> <li>• Firm size</li> <li>• Firm ownership</li> </ul> <b>Mediator variables</b> <ul style="list-style-type: none"> <li>• Human capital</li> <li>• Organizational commitment</li> </ul>	<ul style="list-style-type: none"> <li>• Perceived OP</li> </ul>	<ul style="list-style-type: none"> <li>• Data are collected from 351 financial experts and multiple regression is used to test hypothesis.</li> </ul>	<ul style="list-style-type: none"> <li>• HPWS had positive direct effects on perceived organizational performance.</li> <li>• HPWS had positive direct effects on perceived organizational performance through human capital as a mediator variable.</li> <li>• HPWS had positive direct effects on perceived organizational performance through organizational commitment as a mediator variable.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>5. The impact of best HRM practices on performance-identifying enabling factors.</b> (Theriou & Chatzoglou, 2014)	To empirically test the relationship between the best practices of human resources, knowledge management, and organizations' competitiveness influencing organizational performance	Best HRM practices <ul style="list-style-type: none"> <li>• employment security</li> <li>• selective hiring</li> <li>• High levels of teamwork</li> <li>• Decentralization</li> <li>• Compensation</li> <li>• Incentives contingent on performance</li> <li>• Extensive learning</li> <li>• Employee involvement</li> <li>• Internal communication arrangements</li> <li>• Internal career opportunities</li> <li>• Broadly Job description harmonization</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational learning capability</li> <li>• Knowledge Management</li> </ul>	Organizational performance <ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Non-financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Questionnaire is used to collect the data from 212 manufacturing companies with more than 50 employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Best HRM practices: performance would be higher through interaction practices, knowledge management, organizational learning capability, and organizational capability building.</li> </ul>



Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>6. The Impact of Human Resource Practices on Actual and Perceived Organizational Performance in a Middle Eastern Emerging Market.</b> (Darwish, Singh, & Wood, 2016)	To explore the impacts of human resources practices and perceived organizational performance	<ul style="list-style-type: none"> <li>Recruitment and Selection</li> <li>Training</li> <li>Internal Career Opportunity</li> <li>Performance Appraisals</li> <li>Extrinsic Incentives and Rewards</li> <li>Intrinsic incentives and Rewards</li> </ul>	<ul style="list-style-type: none"> <li>Firm Size</li> <li>Firm age</li> </ul>	<ul style="list-style-type: none"> <li>Perceived OP</li> <li>Actual OP (ROA, ROE)</li> </ul>	<ul style="list-style-type: none"> <li>104 financial firms in Jordan are utilized.</li> <li>Data are collected from HR directors of the targeted companies.</li> <li>Data analysis: mean, standard deviation, skewness and kurtosis and Regression</li> </ul>	<ul style="list-style-type: none"> <li>Training had positive effects on perceived organizational performance.</li> <li>Training, internal career opportunity, extrinsic Incentives, and rewards had positive effects on actual organizational performance.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>7. Organizational wellbeing and human resources management. (Natthawut Rotnitiruttikul, 2009)</b>	To explore the relationship between the policy on human resources and organizational wellbeing among different schools of the university	Human resources policy included: <ul style="list-style-type: none"> <li>• Openness</li> <li>• Reward</li> <li>• Training and development</li> <li>• Design</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational climate</li> <li>• Organizational structure</li> <li>• Job security</li> <li>• Technology implementation</li> </ul>	Organizational wellbeing <ul style="list-style-type: none"> <li>• Performance</li> <li>• Institutional integrity</li> <li>• Responsiveness of employees</li> </ul>	<ul style="list-style-type: none"> <li>• Population of this research is different schools of public universities in Bangkok and its neighboring provinces.</li> <li>• Research tools are questionnaire and interview.</li> <li>• Data are analyzed by one-way anova and path analysis of structural equation modelling.</li> </ul>	<ul style="list-style-type: none"> <li>• The factors that had direct effects on organizational wellbeing are reward policy, followed by training and development policy, organizational climate, and technology implementation, respectively.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>8. The factors that developed the happy organization (public sector): systematic review</b> (Yuphawan Thontanunam et al, 2015)	To summarize the body of knowledge about happy workplace and the factors associated with happy organization in the context of public sector				<ul style="list-style-type: none"> <li>It is conducted with systematic review through the search of international journals published in English related to happy organizations in the public sector from online database journals with peer-review during 2005-2014.</li> </ul>	<ul style="list-style-type: none"> <li>The factors that can develop happy workplace included leadership of the management, human resources management, employee commitment, and good behavior of organizational members.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>9. Personnel management that affected organizational health of educational institution under Ratchaburi Primary Educational Service Area Office 2</b> (Lawan Phemsukrungrueang & Phanni Suwatthi, 2016)	To examine personnel management that affected organizational health of educational institution	Personnel management of educational institution included: <ul style="list-style-type: none"> <li>• Manpower planning</li> <li>• Recruitment and appointment</li> <li>• Performance valuation</li> <li>• Personnel Development</li> <li>• Personnel treatment</li> </ul>		Organizational health of educational institution included: <ul style="list-style-type: none"> <li>• Institutional integrity</li> <li>• Relational leadership</li> <li>• Resource support</li> <li>• Academic-oriented</li> <li>• Working morale</li> </ul>	<ul style="list-style-type: none"> <li>• The samples are 291 directors of educational institutions and teachers working for educational institutions under Ratchaburi Primary Educational Service Area Office 2</li> <li>• Research instrument is questionnaire.</li> <li>• Statistical analysis is frequency, percentage, mean, standard deviation, Pearson correlation, and regression.</li> </ul>	<ul style="list-style-type: none"> <li>• Personnel management, personnel development, manpower planning, and personnel treatment are the factors influencing organizational health of educational institutions under Ratchaburi Primary Educational Service Area Office 2, predicted by 71.80 percent with the 0.01 statistical significance.</li> </ul>

Table 2.3 summarized the literature reviews and related studies on human resources practices.

Table 2.3 Summarized the Elements of Human Resources Practices from Literature Reviews and Related Studies

Elements	Nisada Wedchayanon	Noe et al.	Armstrong, M.	Pfeffer	Ya-Fen Tseng a, Tzai-Zang Lee	Robert L. Mathis and John H. Jackson
Job design and analysis		√	√			
Human resources planning	√	√				
Staffing (recruitment, selection, and hiring)	√	√	√			√
Performance evaluation and management	√	√	√			√
Compensation management	√		√	√	√	√
Training and development	√	√	√	√	√	√
Labor relation	√	√	√			
Participation					√	√
Information sharing				√		√

Based on the results of synthesis on literature and relevant studies regarding human resources practices, sub-elements are grouped into five categories to examine human resources practices of firms listed on Thailand's stock markets as follows.

- 1) Recruitment and selection
- 2) Training and development
- 3) Compensation and benefits
- 4) Performance evaluation and promotion
- 5) Employee participation

## 2.4 Concept of Organizational Wellbeing

### 2.4.1 Wellbeing

The socio-economic development in Thailand during the 1<sup>st</sup> – 7<sup>th</sup> national economic and social development plans emphasized that natural resources and labor are utilized to support the development of production bases, bringing about higher growth rate of economy. At the same time, the plans also deteriorated the country's natural resources. Consequently, from the 8<sup>th</sup> national economic and social development plan onward, happiness has been incorporated with the focus on holistic development; that is, humans became the center of development. All aspects are integrated and developed to be connected (Office of National Economic and Social Development Board, 2002, p. 1). In the 12<sup>th</sup> (2017 - 2021) national economic and social development plan, the planning principles and framework adhered to people-centric participation and development, which is expected to create the nation's stability, wealth, and sustainability. Moreover, people lived together in harmony (Office of National Economic and Social Development Board, 2015). However, it is difficult to define and measure the term “wellbeing”. It can be used interchangeably with many terms and they have similar meanings such as happiness, coziness, and quality of life. Buaphan Phromphakphik (2012, p. 26) explained that wellbeing refers to social conditions that allowed human beings to seek and achieve what they wished and their actions toward the wishes did not diminish other people's quality of life. National Health System Reform Office (2005, p. 35) gave the definition of wellbeing as having good physical and psychological wellbeing, knowledge, and employment, earning enough incomes to live on, having a warm family, and living in good environment and under the effective administration provided by government sector. Prawet Isi (2005, p. 35) describes wellbeing as the people's social, psychological, physical, and environment livelihood in a holistically balanced manner, which resulted in the quality of life sustainability.

Ed Diener, an American psychologist, provides the concept of wellbeing in three dimensions and each dimension can be divided and, subsequently analyzed. The three dimensions are positive emotions, negative emotions, and life satisfaction (Diener, 1984; Diener et al. 1985, 1999). Grant, Christianson and Price (2007, pp. 52-



53) had compiled the results from the studies on managers' practices that promoted strengthening happiness at workplace and concluded them in three dimensions. The first dimension is happiness about psychological well-being. In psychological dimension included agency, satisfaction, self-respect, and capabilities. The second dimension is health by physical well-being. In physical dimension, nourishment, shelter, healthcare, clothing, and mobility are incorporated. The third dimension is relationship of social wellbeing. In social dimension, community participation, public acceptance, and assistance are covered. All the three dimensions must be equally paid attention. Rath and Harter (2010, p. 6) proposed that universal wellbeing consists of five elements: career wellbeing, social wellbeing, financial wellbeing, physical wellbeing, and community wellbeing. Career wellbeing refers to happiness about employment. It is a foundation that would lead to other aspects of happiness. Social wellbeing is defined as living in a good society and having love and friends. It affected people's happiness in life. People who had social wellbeing are close to the success, happiness in life, and good health. Financial wellbeing is concerned with having appropriate financial status and livelihood. Financial status is managed wisely. People with good financial wellbeing are free to spend their money. Physical wellbeing is describes as having strong health due to regular exercise, consumption of beneficial food, and enough sleeping. Community wellbeing is means that people lived on a good environment and community, which included residential safety and pride of their community.

In the past several years, many countries adopted indicators that measures their economic growth such as exchange rate, gross domestic product per capita, and national income. A measurement of wellbeing can be divided into two groups: objective wellbeing and subjective wellbeing. The objective wellbeing would measure the quality of life through facts that can be observed: economic, social, and environmental statistics. People's wellbeing would be indirectly evaluated with cardinal measurement. On the contrary, subjective wellbeing is measures by direct experiences or feelings. Its tool for measurement is ordinal measure (McGillivray and Clarke, 2006; Hoorn, 2007). Meanwhile, the Office of the National Economic and Social Development Board (2007, pp. 2-3) suggested that there are six elements of

wellbeing: quality of life, strong and fair economy, ward family, strong community, balanced Eco environment, democratic society with good governance.

#### **2.4.1 Organizational Wellbeing**

Health and organizational wellbeing became the topic that can be seen in the mainstream media (Coleman, 1997). They affected employees' performance and organization negatively. For example, an employee with a low level of health and organizational wellbeing can undermine his/her effectiveness, including decision making and likelihood of absence (Boyd, 1997). Besides, it can reduce organizational performance continually (Price & Hooijberg, 1992).

Organizational wellbeing is concerned with a healthy organization. It comprised of different structures, such as workplace wellbeing (feelings of employees when working (Steele & Jenks, 1977), social wellbeing (perceived social support and employee morale) (Stokols et al., 1990), employees' productivity, performance, and turnover and absence rates. An organizational consultant recommended that allowing employees to modify and decorate their working space is necessary for workplace wellbeing (Steele & Jenks, 1977; Becker, 1990). International Labour Organization (2017) added that workplace wellbeing is involved in all aspects of working life, ranging from quality of life, occupational safety, environment to employees' feelings toward their work, workplace environment and atmosphere, and organization itself. The goal of measuring workplace wellbeing is the promotion of occupational safety and health to ensure that all employees are safe, healthy, satisfied, and engaged in their workplace. Parichat Yephithak, Thirawat Chanteuk, and Phithak Siritwong (2018) defined happiness at workplace as a happiness created by corporation, unity, and good workplace climate. Such happiness resulted in job satisfaction and effective performance, including acceptance within and outside the organization. The key to creating organizational wellbeing based on the conceptual framework developed by World Health Organization (2010, pp. 9-13) comprised of physical work environment, psychological work environment, personal health resources in workplace, and enterprise community involvement. Physical work environment is a facilitation at workplace that had impacts on physical, psychological, and employee wellbeing. In addition, psychological work environment refers to organizational

management, organizational culture, attitude, value, and practices that affected employee wellbeing physically and psychologically, which included sources of employee wellbeing at workplace. Personal health resources in workplace is another element of organizational wellbeing. It is resources that supported or encouraged the improvement or maintenance of wellbeing practices. Enterprise community involvement comprised of activity, skill, and commitment of employees in the organization that can affect physical and psychological wellbeing.

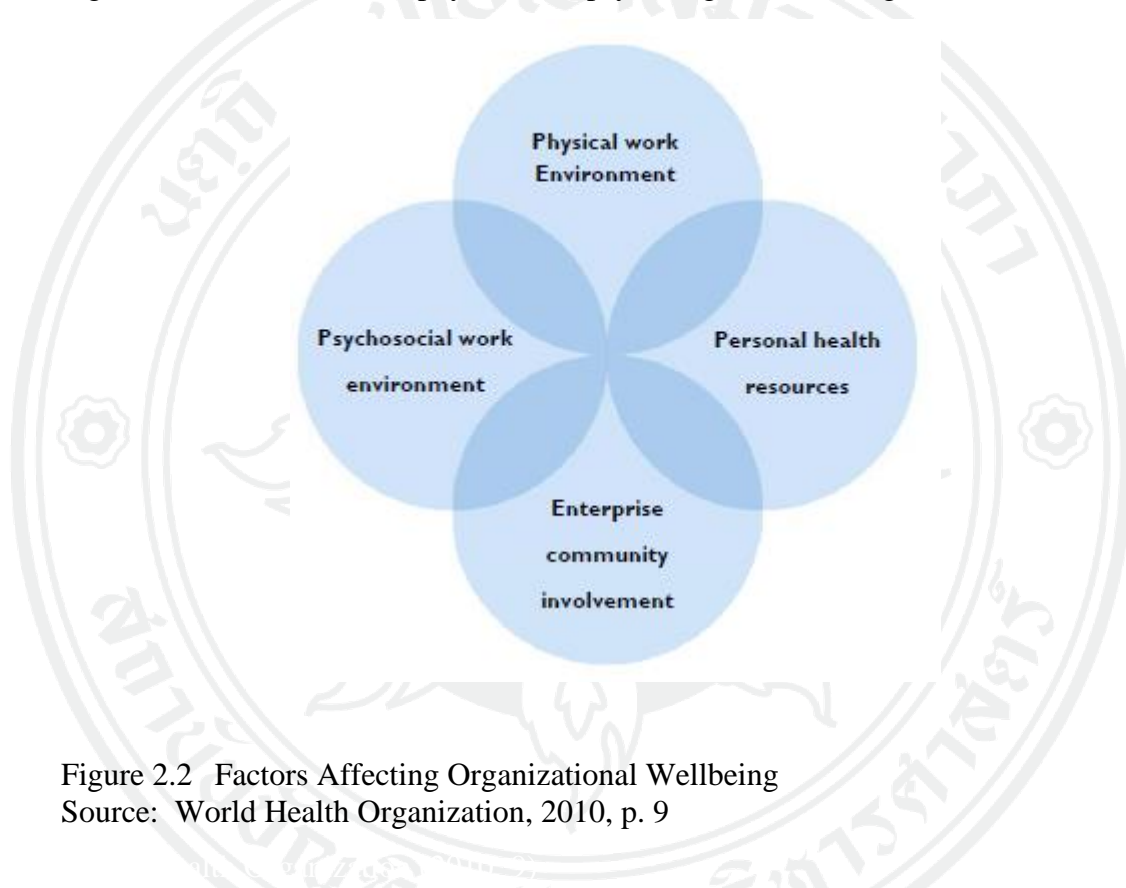


Figure 2.2 Factors Affecting Organizational Wellbeing  
Source: World Health Organization, 2010, p. 9

At present, both public and private organizations in Thailand has implemented the concept of “happy workplace” or organizational wellbeing. The concept of organizational wellbeing is a development process of people in an organization with objectives. Moreover, the development must correspond to organizational vision. In other words, it is a process that built a quality of life of people in the organization, and employees ’attitude must be modified. Their views must be adjusted to generate new ideas in staying together. In addition, the organization should be developed to be a happy workplace in readiness for uncertainties, leading to the organization’s sustainable development (Phonthida Wisetsinpanon and Thippawan Ramrong, 2014,

p. 2). For the wellbeing plan of a private organization (2009, as cited in Duangnet Thammakul, Khwanmueang Kaewdamkerng, & Utsara Prasernsin, 2011, p. 9) stated that healthy organization is a workplace whose employees had quality of life covering four dimensions: body, heart, society, and contemplation. The four dimensions can result in sustainable wellbeing with the aim for people in the organization to have occupation safety, health, environment, skills, efficiency, love, engagement, and innovative human resources management in an appropriate and sustainable way. All of these allowed the organizations in private sector to stay competitive, efficient production, appropriate compensation, and satisfaction among the top management and shareholders.

Duangnet Thammakul (2012, p. 2) explained that organizational wellbeing refers to an organization that can achieve its goals along with the ability to grow and develop its employees (Dive, 2004). It is also a workplace environment that facilitated and created employees' health and greater performances (Lowe, 2004). The employees had shared goals as the organization, and the improvement of work process is focused on. Moreover, operational procedures are supportive (Smet, Loch and Schaninger, 2007). Organizational wellbeing must possess eight characteristics of happiness: happy body, happy heart, relaxation, happy brain, happy soul, happy money, happy family, and happy society. The tool used to measure organizational happiness is happy workplace index. The index focused on the development with the principles of happiness in five dimensions (Uthaitip Chiawiwatukul et al., 2012). The dimensions included management, atmosphere and environment, process, health, and organizational results (Happy Workplace Center, 2013, p. 3).

The development of organizational wellbeing should be carried out with objectives and strategies. The strategies must be in line with organizational visions. The wellbeing should be designed to suit the organizational context, creating happy employees, happy workplace, and united community. Additionally, cooperation between employees and organization is required. The employees must develop themselves to be happy at workplace, balancing their life based on 8 principles of happiness. Happy employees resulted in happy workplace and increased productivity. Apart from the employee aspect, organization should be operated systematically and holistically, building teamwork and creativity. The employees should be promoted to

balance their life pertaining to eight principles of happiness. When organizational wellbeing is developed for some time, it should subsequently become organizational culture with happiness. The plan for organizing the activities should be reviewed and consistent with the changing context (Chanwit Isanthanarat & Thitham Wutwutthiwatchaikaew, 2017, p. 21).

In the past several years, interests in organizational wellbeing had been risen not only in the country but also in international environment. It became diverse theory and empirical studies (Schaufeli, 2004; Horn et al., 2004; Grawitch, Ledford, Ballard & Barber, 2009). One aspect of examining organizational wellbeing is to give its definition and develop its structural framework. Its definition and structural framework lied in various dimensions and are dynamic in nature (Donald et al, 2005; Wilson et al, 2004). In terms of literature, organizational wellbeing emphasized its foundations, programs, policies, and practices through a workplace that allowed the employees to have physical and psychological wellbeing (Ryff & Singer, 1998). Certain studies examined specific aspects of organizational wellbeing. The studies included the impacts of organizational climate on organizational health and association between job performance and psychological wellbeing and organizational commitment (Donald et al., 2005) Recently, the literature that explained the role of wellbeing in enhancing job performance increased. It explored both non-financial performance, such as labor productivity, absenteeism, quality, efficiency, customer satisfaction, personnel costs, and productivity (Taris & Schreurs, 2009; Wood, Veldhoven, Croon, & Menezes, 2012) and financial performance ( Wood, Veldhoven, Croon, & Menezes, 2012; Zakaria, Abdulatiff, & Ali, 2014) .



**Table 2.3** Summary of the Previous Studies on Organizational Wellbeing

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>1. Well-being and organizational performance: An organizational level test of the happy-productive worker hypothesis.</b> (Taris & Schreurs, 2009)	To test the hypothesis indicating that high employee wellbeing would result in higher job performance of employees and that higher job performance of employees would lead to higher organizational performance (e.g. increased efficiency and high productivity)	Well-being <ul style="list-style-type: none"> <li>• Emotional exhaustion</li> <li>• Employee satisfaction</li> <li>• Job control</li> <li>• Social support</li> <li>• Job demands</li> </ul>		Organizational Performance <ul style="list-style-type: none"> <li>• Efficiency</li> <li>• Client satisfaction</li> <li>• Personnel costs</li> <li>• Productivity</li> </ul>	<ul style="list-style-type: none"> <li>• The data of 66 companies are obtained from an organization in Netherland in charge of local residences.</li> <li>• Regression is used to analyze the data.</li> </ul>	<ul style="list-style-type: none"> <li>• Job satisfaction is positively associated with customer satisfaction, but negatively associated with productivity.</li> <li>• Employees' emotional exhaustion had the relationship with customer satisfaction, personal expenses, and productivity.</li> </ul>



Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>2. Enriched job design, high involvement management and organizational performance: The mediating roles of job satisfaction and well-being.</b> (Wood, Veldhoven, Croon, & Menezes, 2012)	To assess the relations among high involvement management, enriched jobs design, employee wellbeing, and organizational performance	Management Practices <ul style="list-style-type: none"> <li>• High involvement management</li> <li>• Enriched job design</li> </ul>	Employee well-being <ul style="list-style-type: none"> <li>• Job satisfaction</li> <li>• Job anxiety-comfort</li> </ul>	Organizational Performance <ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Labour productivity</li> <li>• Absenteeism Quality</li> </ul>	<ul style="list-style-type: none"> <li>• Employment survey developed by the enterprises in UK in 2004 is used.</li> <li>• Data collection is made by means of interviewing the managers</li> <li>• The Mplus model is tested.</li> </ul>	<ul style="list-style-type: none"> <li>• High involvement management is positively associated with financial performance, labor productivity, and quality.</li> <li>• High involvement management is negatively associated with job satisfaction and job anxiety-comfort.</li> <li>• Job satisfaction is a mediator variable of the relationship between job design and four indicators of performance.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>3. The role of wellbeing on performance in service sector.</b> (Zakaria, Abdulatiff & Ali, 2014)	To examine the effects of wellbeing on performance	Wellbeing <ul style="list-style-type: none"> <li>• Psychological wellbeing</li> <li>• Physical wellbeing</li> <li>• Social wellbeing</li> </ul>		Performance <ul style="list-style-type: none"> <li>• Non-financial</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Samples: managers in the service sector involved in decision making, questionnaires are distributed to 1,500 managers and 166 questionnaires are returned.</li> <li>• Data analysis is performed by Partial Least Square-SEM.</li> </ul>	<ul style="list-style-type: none"> <li>• Wellbeing had positive effects on non-financial and financial performances.</li> </ul>

Title	Objectives	Independent variables	Control variables/ Mediating variables/moderator variables	Dependent variables	Methodology	Results
<b>4. Well-being and performance: measurement issues for HRM research.</b> (Edgar, Geare, Halhjem, Reese, & Thoresen, 2015)	To examine the linkage between employee wellbeing and performance	<ul style="list-style-type: none"> <li>• Positive Affect (joviality, attentiveness, self-assurance)</li> <li>• Life Satisfaction</li> <li>• Dispositional well-being</li> </ul>		Performance <ul style="list-style-type: none"> <li>• Subjective self-rating objective</li> </ul>	<ul style="list-style-type: none"> <li>• Samples: 123 New Zealand University students</li> </ul>	<ul style="list-style-type: none"> <li>• Life satisfaction and attentiveness are positively associated with objective performance rating at a statistically significant level.</li> <li>• Positive affect (joviality, attentiveness, self-assurance), life satisfaction, and dispositional well-being are positively associated with subjective performance rating at a statistically significant level.</li> </ul>

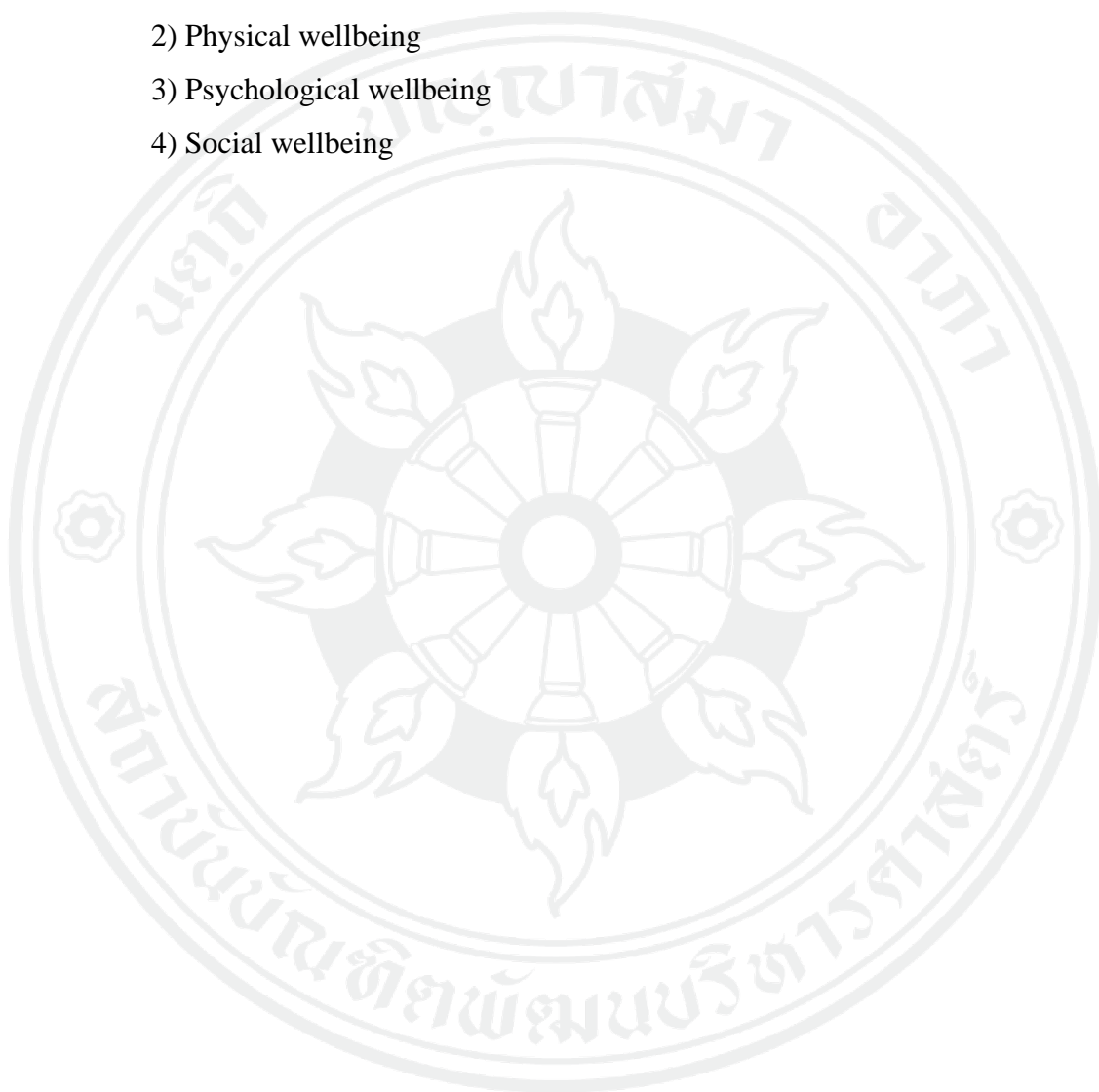
Table 2.4 summarized the literature reviews and related studies on wellbeing written by different academic people.

Table 2.4 Summarized the Literature Reviews and Related Studies on Wellbeing.

Elements	Grant, Christianson and Price	Rath and Harter	Steele & Jenks	International Labour Organization	World Health Organization	Zakaria, Abdulatif and Ali	National Health System Reform Office
Psychological Well-Being	√				√	√	√
Physical Well- Being	√	√			√	√	√
Social Well- Being	√	√				√	
Career Well- being		√					
Financial Well- being		√					
Community Well-being		√					
Workplace well- being			√	√			
Personal health resources					√		

Based on synthesis of literature and relevant studies on wellbeing, it drew to the conclusion that there are components that are categorized into four groups. The four sub-elements are used to examine the wellbeing of firms listed on the stock exchanges in Thailand.

- 1) Workplace wellbeing
- 2) Physical wellbeing
- 3) Psychological wellbeing
- 4) Social wellbeing



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

This chapter presents research framework, research hypotheses research design, population and sample, variables and operational definitions, research instruments, validity and reliability of research instrument, data collection, and data analysis, respectively.

- 3.1 Research framework
- 3.2 Research hypotheses
- 3.3 Research design
- 3.4 Population and sample
- 3.5 Variables and operational definitions
- 3.6 Research instruments
- 3.7 Validity and reliability of research instrument
- 3.8 Data collection
- 3.9 Data analysis

#### **3.1 Research Framework**

After the relevant literature had been reviewed, the research framework was developed and illustrated in Figure 2.3. This research has examined human resource practices. Human resource practices in this research cover recruitment and selection, training and development, compensation and benefits, performance evaluation and promotion, and employee participation, all of which can influence organizational wellbeing. Organizational wellbeing included workplace wellbeing, physical wellbeing, psychological wellbeing, and social wellbeing. Both human resource practices and organizational wellbeing have effects on organizational performance of the companies listed on the SET and the market for alternative investment. Such

effects would be measured by five financial performances: return on asset, return on equity, Tobin's Q, earnings per share, and market capitalization.

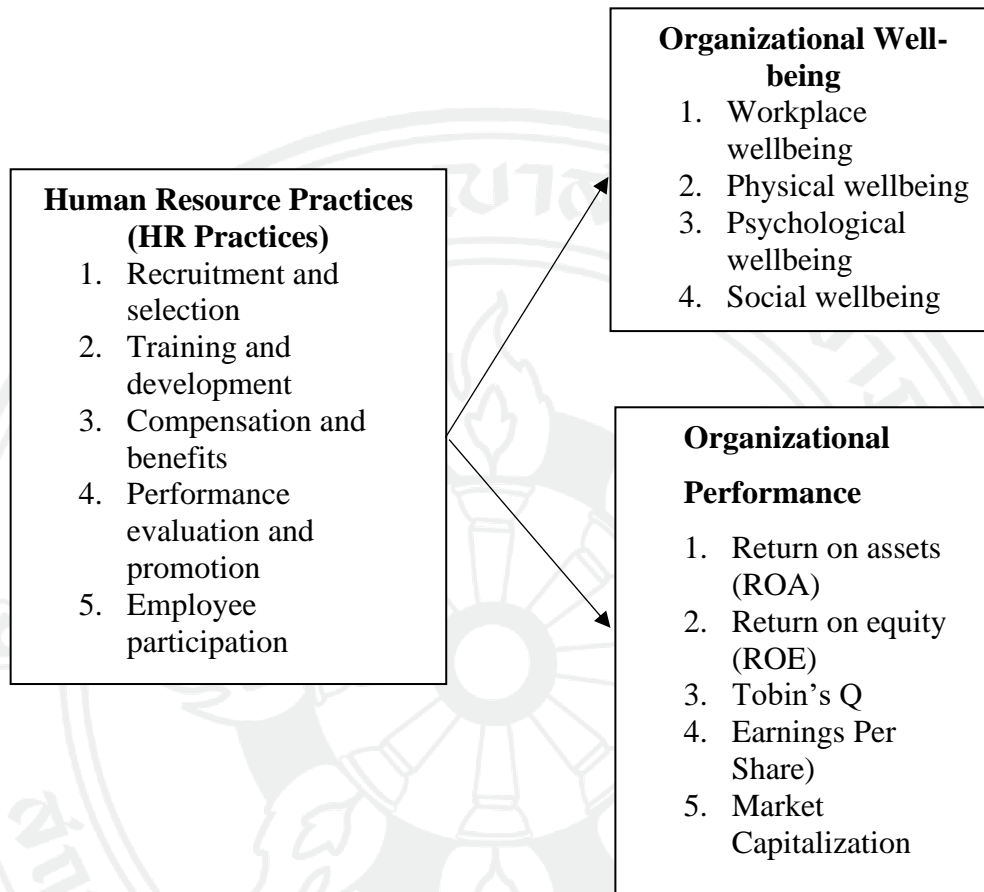


Figure 3.1 Research Framework

### 3.2 Research Hypotheses

H1: Good governance had positive direct effects on organizational performances of the companies listed on the stock exchanges in Thailand.

H2: Human resources management practices had positive direct effects on organizational wellbeing of the companies listed on the stock exchanges in Thailand.

H3: Human resources management practices had positive direct effects on organizational performances of the companies listed on the SET and the market for alternative investment through organizational wellbeing as mediator variable.



### 3.3 Research Design

This research adopts quantitative research methodology and the required data were collected from cross-sectional studies on the companies listed on the SET and the market for alternative investment. It was aimed at examining the effects of corporate governance, human resource practices, organizational wellbeing on organizational performances of the companies listed on the stock exchange in Thailand. In this research, the unit of analysis was at an organizational level. Questionnaire was developed from related concepts and theories to collect a vast amount of data, serving as a research instrument. It was expected the development of questionnaire can prove that the associations among the variables were reliable. In addition, the conclusion about the study on the firms listed on the SET and the market for alternative investment can be drawn.

### 3.4 Population and Sample

This research examined the companies listed on the SET and the market for alternative investment with CG rating of “Good”, “Very Good”, and “Excellent”. The data were collected during 2016 – 2018 to derive relevant samples with a total of 413 companies (Institute of Thai Directors, 2018) as shown in Table 3.1. To determine the sample size, Yamane (1973) was adopted based on a 95 percent confidence level. The formula to determine the sample was as follows:

$$n = \frac{N}{1 + N(e)^2}$$

$$1 + N(e)^2$$

Where  $n$  = sample size

$N$  = population

$e$  = Proportion of errors allowed

Plug the values into the formula:

$$\begin{aligned}
 413 &= \frac{413}{1 + 413N(0.05)^2} \\
 &= 203
 \end{aligned}$$

Table 3.1 Population and Samples of the Current Study by Industry Category

Industry categories	Number of firms	Number of samples (Firms)
1. Agriculture and food	41	20
2. Consumer products	25	12
3. Financial business	52	26
4. Industrial products	66	32
5. Real estate and construction	71	35
6. Resources	42	21
7. Services	90	44
8. Technology	26	13
Total	413	203

### 3.5 Variables and Operational Definitions

The variables examined in this research were divided into dependent variable and independent variables. The dependent variable was organizational performance while independent variables were human resource practices and organizational wellbeing. Their operational definitions were written as follows.

Organizational performance refers to an evaluation system of organizational goals and objectives. The organizational performance would be evaluated by both financial and non-financial performances. In this research, there were five financial performances to be measured: return on asset, return on equity, Tobin's Q, earnings per share, and market capitalization.

Human resource practices were defined as any activity involved in human resources management, affecting all employees in an organization. Such practices

included recruitment and selection, training and development, compensation and benefits, performance evaluation and promotion, and employee participation.

Organizational wellbeing was concerned with the overall wellbeing of an organization. It encompassed all aspects of working life. Those aspects were workplace environment, physical environment, psychological environment, and social environment.

### 3.6 Research Instrument

Questionnaire served as a research instrument and was developed based on relevant literature. It was expected to collect the required data by post mail and email. The questionnaire was reviewed by different academic people. The details of reviewing the research instrument were described as follows:

**Section 1 general company information:** comprised of company name, industry category, 2018 CG rating, and organization's age.

**Section 2 human resource practices:** consisted of question items that incorporated human resources activities. Those activities were recruitment and selection, training and development, compensation and benefits, performance evaluation and promotion (Noe et al., 2012), and employee participation (Tseng and Lee, 2009). A seven-point Likert scale of agreement was used in this section.

0	=	Not sure
1	=	Not absolutely true
2	=	Not true
3	=	Not quite true
4	=	Quite true
5	=	True
6	=	Absolutely true

**Section 3 organizational wellbeing:** included workplace wellbeing, physical wellbeing, psychological wellbeing, and social wellbeing based on the concepts developed by Grant, Christianson, and Price (2007, p. 52-53) and International Labour Organization (2017). In addition, the Happy Workplace Index produced by

Thai Health Promotion Foundation was applied. A seven-point Likert scale of agreement was used in this section.

0	=	Not sure
1	=	Not absolutely true
2	=	Not true
3	=	Not quite true
4	=	Quite true
5	=	True
6	=	Absolutely true

### 3.7 Validity and Reliability of Research Instrument

At this stage, validity and reliability of research instrument were conducted with the following steps.

1) The questionnaire was developed based on the operational definitions of each variable. The operational definitions were acquired through literature review on related concepts and theories. Such concepts and theories were applied to formulate the conceptual framework in order that the variables of the research instrument can be measured.

2) The next step was reviewing the research instrument by senior experts.

2.1) Dr. Urasa Bannakijjaphon      Assistant Corporate Communication  
Director, The Securities and Exchange  
Commission, Thailand

2.2) Miss Wipada Liewchalermwong      Director of Innovation and  
Development, Office of the Civil  
Service Commission

2.3) Dr. Sarigga Pongsuwan      Assistant Vice President,  
Research & Innovation for  
Sustainability Center

The questionnaire was reviewed based on content validity to derive the research instrument that represented what the current was examining. In addition, the review focused on the clarity of language used in the questionnaire. It was reviewed through the index of item-objective congruence (IOC). If the IOC value was greater than 0.70, then it meant that the internal consistency of operational definitions was confirmed. On the other hand, the questions with less than the 0.70 IOC value were revised.

Pre-test of the questionnaire was made with 30 samples from the companies with similar characteristics as the population of this sample and was reviewed according to its use of language; that is, whether or not it was clear, concise, and understandable. After the pre-test, the questionnaires were evaluated with quality of scale and reliability through Cronbach's alpha coefficient. Table 3.2 depicted the Cronbach's coefficient values.

Table 3.2 Cronbach's Alpha Coefficient Values of Each Variable

Variables	Question items	Cronbach's alpha coefficient values
Human resource practices	Section 2: item no. 1-28	0.951
Recruitment and selection	Section 2: item no. 1-4	0.871
Training and development	Section 2: item no. 5-12	0.894
Compensation and benefits	Section 2: item no. 3-17	0.709
Performance evaluation and promotion	Section 2: item no. 18-23	0.834
Employee participation	Section 2: item no. 24-28	0.792
Organizational wellbeing	Section 3: item no. 1-32	0.966
Workplace wellbeing	Section 3: item no. 1-10	0.922
Physical wellbeing	Section 3: item no. 11-17	0.885
Psychological wellbeing	Section 3: item no. 18-24	0.895
Social wellbeing	Section 3: item no. 25-32	0.852
Overall		0.977

Findings indicate that Cronbach's alpha coefficient values were greater than 0.7 for all variables, indicating that the questionnaire was of high validity and reliability. Then, the questionnaires were used to collect the data. After the trial of research instruments had been made, they were distributed to the targeted samples by post mail and email.

### **3.8 Data Collection**

In terms of companies' financial performance, secondary data were used and mainly collected from the SETSMART database. Such data included annual financial statements and annual registration statement (form 56-1) year 2018. For human resource practices and organizational wellbeing, the questionnaire was developed to collect the data from employees of the department of human resources at the management level who worked for the companies listed on the SET and the market for alternative investment. The research instruments were distributed by mails and emails. When those questionnaires were returned, they were checked whether there were any incomplete questionnaires. Finally, the codes for each question were created for analysis by statistical program.

### **3.9 Data Analysis**

**Step 1:** Descriptive statistics was employed. It was explaining the data of each variable with descriptive statistics. The descriptive statistics included frequency, min, max, mean, and standard deviation to give general information of the samples.

**Step 2:** Multicollinearity was performed to see if any associations among independent variables occurred. By doing so, correlation matrix was used to calculate correlation coefficient. The value of correlation coefficient ranged between -1.0 and +1.0. If the value was close to -1.0, it indicate that those two independent variables were correlated in an opposite direction. On the contrary, if the value was close to +1.0, the associations between two independent variables were in the same direction. Also, if the value of correlation coefficient was zero or 0, it demonstrated that those two independent variables had no associations (the value should not be over 0.80).



**Step 3:** Inferential statistics was brought in to analyze the structural equation modelling of the effects of human resource practices and organizational wellbeing on organizational performance. Those variables in the structural equation modelling were obtained from theories and concepts in relation to the variables and served as research framework. It was defined as research model related to empirical data by LISREL to examine the goodness of model fit. The model was assessed by the goodness of fit indices: Chi-Square,  $\chi^2/df$ , GFI, CFI, RMR, and RMSEA. The results from assessment was shown in Table 3.3.

Table 3.3 The Goodness of Fit Indices of the Model and Empirical Data

Goodness of Fit indices		Criteria	Reference
Chi-Square ( $\chi^2$ )	$P > 0.05$	No statistical significance	Diamantopoulos & Siguaw. (2000)
Relative Chi-Square ( $\chi^2/df$ )	$< 2.00$	Perfect fit	Bollen. (1989)
Goodness of Fit Index (GFI)	$> 0.90$	Perfect fit	Diamantopoulos & Siguaw. (2000)
Comparative Fit Index (CFI)	$> 0.90$	Perfect fit	Kaplan. (2000)
Root Mean Square Error of Approximation (RMSEA)	$< 0.05$	Perfect fit	Diamantopoulos & Siguaw. (2000)
Standardized Root Mean Square Residual (SRMR)	$< 0.08$	Perfect fit	Hu & Bentler (1999)



## **CHAPTER 4**

### **DATA ANALYSIS**

This chapter provides the results of data analysis and consisted of five sections as follows.

4.1 General information about the samples, for example, industry/sector, 2018 CG rating, and company's age.

4.2 Human resources practices, such as recruitment and selection, training and development, compensation and benefits, performance evaluation and promotion, and employee participation.

4.3 Organizational wellbeing included organizational climate, physical wellbeing, psychological wellbeing, and social wellbeing.

4.4 Organizational performance, for instance, return on assets, return on equity, Tobin's Q, earnings per share, and market capitalization.

4.5 Hypothesis testing

#### **4.1 General Information about the Samples**

This section presents the general information about the samples that are the companies listed on the SET and the market for alternative investment. The general information reveals types of organization, industry/sector, a level of corporate governance, and company's age. This data is analyzed by percentage, mean, min, and max.

Table 4.1 Percentage and Frequency of General Information about the Samples

General information	Percent (frequency)
<b>Market group</b>	
The SET	81.0 (81)
The market for alternative investment	19.0 (19)
Total	100.0 (100)
<b>Industry/sector</b>	
Real estate and construction	20.0 (20)
Services	23.0 (23)
Financial business	15.0 (15)
Consumer goods	7.0 (7)
Technology	9.0 (9)
Resources	8.0 (8)
Agriculture and food industry	5.0 (5)
Industrial goods	13.0 (13)
Total	100.0 (100)
<b>2018 CG Rating</b>	
Level 3	18.0 (18)
Level 4	44.0 (44)
Level 5	38.0 (38)
Total	100.0 (100)
<b>Company's age</b>	
Below 15 years	9.0 (9)
15 – 30 years	38.0 (38)
31 – 45 years	31.0 (31)
46 – 60 years	14.0 (14)
Above 61 years	8.0 (8)
Total	100.0 (100)
Mean of company's age was 36.34 years.	
Minimum of company's age was 4 years.	
Maximum of company's age was 137 years.	

Table 4.1 shows that the higher percentage of the companies listed on the SET at 81.0 percent, followed by the market for alternative investment at 19.0 percent.

**Industry/sector:** the highest number of samples are the companies listed on the stock exchanges in Thailand fell in service sector at 23.0 percent, followed by real estate and construction at 20.0 percent, financial business at 15.0 percent, industrial goods at 13.0 percent, technology at 9.0 percent, resources at 8.0 percent, and consumer goods at 7.0 percent. Also, the sector that had the least number of returned questionnaires was agriculture and food industry at 5.0 percent.

**2018 CG rating:** most of the samples are from the companies listed on the stock exchanges in Thailand received the CG rating scores at the 4 level at 44.0 percent, followed by the 5 level at 38.0 percent. The listed companies with the 3 level CG rating returned the questionnaires at 18.0 percent.

**Company's age:** the majority of samples are from the companies listed on the stock exchanges in Thailand aged between 15 – 30 years old at 38.0 percent, followed a range of 31 – 45 years old at 31.0 percent, a range of 46 – 60 years old at 14.0 percent, below 15 years old at 9.0 percent, and above 61 years old at 8.0 percent, respectively.

## 4.2 Human resource practices

This section presents the analysis of human resource practices performed by the companies listed on the stock exchanges in Thailand. The analysis covered recruitment and selection, training and development, compensation and benefits, performance evaluation and promotion, and employee participation. The results are shown in mean and standard deviation.

Table 4.2 Mean and Standard Deviation of Recruitment and Selection

Recruitment and Selection	Mean	Standard deviation	Ranking
1. The company has the recruitment and selection process that meets the demands of employees from different departments.	4.70	1.592	4
2. The company has the recruitment and selection process of employees that is in line with available job positions	4.88	1.174	3
3. The company defines the criteria of selection and recruitment in a clear and concrete manner.	4.94	1.376	2
4. The company follows the procedures of recruitment and selection systematically and with the standards.	5.03	1.381	1
Overall mean	4.88	1.214	

Table 4.2 finds that the overall mean of human resource practices, in terms of recruitment and selection performed by the companies listed on the stock exchanges in Thailand, is at a high level or 4.88. In this regard, the item that received the highest mean was “The company follows the procedures of recruitment and selection systematically and with standards” (mean = 5.03), followed by the item “The company defines the criteria of selection and recruitment in a clear and concrete manner” (mean = 4.94), the item “The company has the recruitment and selection process of employees that is in line with available job positions” (4.88), and the item “The company has the recruitment and selection process that meets the demands of employees from different departments” (mean = 4.70), respectively.

Table 4.3 Mean and Standard Deviation of Training and Development

Training and Development	Mean	Standard deviation	Ranking
1. The company has a development planning for its employees that link to organizational goals and strategies.	4.57	1.653	6
2. The company conducts a survey of employees' needs of training and development of their capabilities.	4.92	1.383	3
3. The company implements mentoring and feedback system.	3.82	1.811	8
4. The company provides training and development for its employees continually.	5.07	1.139	1
5. The company develops its employees for their career advancement.	4.82	1.313	5
6. The company improves and develops its employees' training and development plans continually.	4.94	1.331	2
7. The company follows the results of how much employees' training and development contribute to their job performance.	4.33	1.463	7
8. The company allocates enough budget for training and development.	4.86	1.255	4
Overall mean	4.66	1.140	

Table 4.3 reveal that the overall mean of human resource practices in the area of training and development exercised by the firms listed on the stock exchanges in Thailand was in a high level with 4.66. The item that received the highest mean was “The company provides training and development for its employees continually” (mean = 5.07), followed by the item “The company improves and develops its

employees' training and development plans continually" (mean = 4.94), the item "The company conducts a survey of employees' needs of development of their capabilities" (mean = 4.92), the item "The company allocates enough budget for training and development" (mean = 4.86), the item "The company develops its employees for their career advancement" (mean = 4.82), the item "The company has a development planning for its employees that link to organizational goals and strategies" (mean = 4.57), the item "The company follows the results of how much employees' training and development contribute to their job performance" (mean = 4.33), and the item "The company implements mentoring and feedback system" (mean = 3.82), respectively.

Table 4.4 Mean and Standard Deviation of Compensation and Benefits

Compensation and Benefits	Mean	Standard deviation	Ranking
1. The company establishes rewarding and compensation system corresponding to its business strategy.	4.67	1.341	4
2. Compensation and rewarding depend on employees' job performance.	4.97	1.388	3
3. The company realizes the importance of fair compensation structure in line with different positions.	5.03	1.105	2
4. The company takes economic conditions and its profits into consideration when making decisions in compensation and reward.	5.10	1.000	1
5. The company provides compensation and benefits to its employees higher than the average of its industry.	3.31	2.043	5
Overall mean	4.61	1.021	



Table 4.4 demonstrated that the overall mean of human resource practices in terms of compensation and reward performed by the companies listed on the stock exchanges in Thailand was in a high level with the score of 4.61. The item that had the highest mean was “The company takes economic conditions and its profits into consideration when making decisions in compensation and reward” (mean = 5.10), followed by the item “The company realizes the importance of fair compensation structure in line with different positions” (mean = 5.03), the item “Compensation and rewarding depend on employees’ job performance” (mean = 4.97), the item “The company establishes rewarding and compensation system corresponding to its business strategy” (4.67), and the item “The company provides compensation and benefits to its employees higher than the average of its industry” (mean = 3.31), respectively.

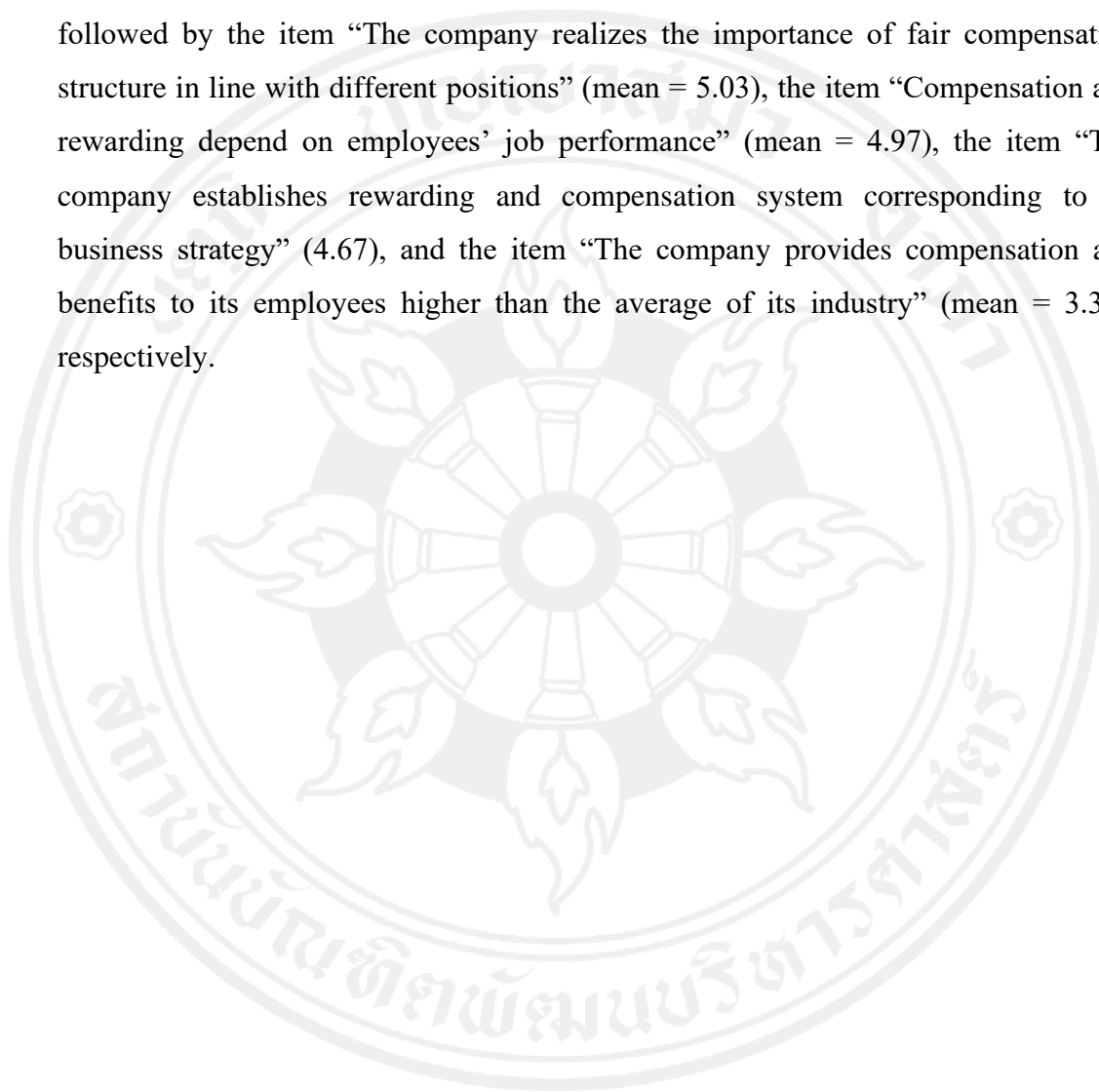




Table 4.5 Mean and Standard Deviation of Performance Evaluation and Promotion

Performance Evaluation and Promotion	Mean	Standard deviation	Ranking
1. The company usually conducts employees' job performance evaluation.	4.89	1.238	2
2. The company defines the criteria for performance evaluation the same standards for all employees.	4.89	1.476	2
3. The company promotes each employee to manage their job performance by themselves.	4.40	1.723	4
4. The company has the process of performance evaluation and provides the feedback to the employees periodically and continually.	4.30	1.566	5
5. The company gives special rewards to the employees with excellent job performance.	4.51	1.500	3
6. The company makes employees' promotion based on their job performance.	4.96	1.100	1
Overall mean	4.65	1.104	

Table 4.5 indicates that the overall mean of human resource practices in the area of performance evaluation and promotion exercised by the firms listed on the stock exchanges in Thailand was in a high level with 4.65. The item that had the highest mean was “The company makes employees’ promotion based on their job performance” with 4.96, followed by the items “The company usually conducts employees’ job performance evaluation” and “The company defines the criteria for performance evaluation the same standards for all employees” with the mean score of 4.89, the item “The company gives special rewards to the employees with excellent job performance” with the mean score of 4.51, the item “The company promotes each

employee to manage their job performance by themselves” with the mean score of 4.40, and the item “The company has the process of performance evaluation and provides the feedback to the employees periodically and continually” with the mean score of 4.30, respectively.

Table 4.6 Mean and Standard Deviation of Employee Participation

Employee Participation	Mean	Standard deviation	Ranking
1. Employees are allowed to participate in determining organizational vision, missions, goals, and strategies.	3.84	1.739	4
2. Employees are allowed to participate in decision making concerning their job responsibilities.	4.64	1.235	1
3. The company gives a chance to its employees to adjust their working styles.	4.06	1.745	3
4. The company provides an opportunity to its employees to modify their working areas.	3.66	1.689	5
5. Employees are free to fix the problems related to their responsibilities.	4.45	1.653	2
Overall mean	4.13	1.182	

Table 4.6 shows that the overall mean of human resource practices exercised by the companies listed on the SET and the market for alternative investment was in a high level with 4.13. The item that had the highest mean score was “Employees are allowed to participate in decision making concerning their job responsibilities” with 4.64, followed by the item “Employees are free to fix the problems related to their responsibilities” with the mean score of 4.45, the item “The company gives a chance to its employees to adjust their working styles” with the mean score of 4.06, the item “Employees are allowed to participate in determining organizational vision, missions, goals, and strategies” with the mean score of 3.84, and the item “The company

provides an opportunity to its employees to modify their working areas” with the mean score of 3.66

Table 4.7 Mean and Standard Deviation of Human Resource Practices of the Firms Listed on the Stock Exchanges in Thailand

Human resource practices	Mean	Standard deviation	Interpretation	Ranking
Recruitment and selection	4.88	1.214	Very high	1
Training and development	4.66	1.140	High	2
Compensation and benefits	4.61	1.021	High	4
Performance evaluation and promotion	4.65	1.104	High	3
Employee participation	4.13	1.182	High	5
Overall mean	4.59	0.965	High	

Table 4.7 finds that that the overall mean of human resource practices performed by the companies listed on the stock exchanges in Thailand was in a high level with the score of 4.59. In this regard, the aspect that had the highest mean score was recruitment and selection with 4.88, followed by training and development with the mean score of 4.66, performance evaluation and promotion with the mean score of 4.65, compensation and benefits with the mean score of 4.61, and employee participation with the mean score of 4.13, respectively.

### 4.3 Organizational wellbeing

The results from the analysis of organizational wellbeing of the firm listed on the stock exchanges in Thailand was written in this section. The analysis organizational wellbeing encompassed organizational climate, physical wellbeing, psychological wellbeing, and social wellbeing. It was analyzed by mean and standard deviation.

Table 4.8 Mean and Standard Deviation of Organizational Climate

Organizational Climate	Mean	Standard deviation	Ranking
1. The company's management realized the importance of building employee wellbeing.	5.01	1.359	1
2. The company has the policy on supporting organizational wellbeing.	5.00	1.442	2
3. The company sets up the working group responsible for organizational wellbeing.	4.45	1.725	6
4. The company organizes the activities that promote good organizational climate.	4.89	1.362	3
5. The company communicates with its employees to make them known and understood the activities of organizational wellbeing.	4.56	1.578	4
6. The company conducts a survey of employees' needs before the design of wellbeing activities.	3.91	1.928	8
7. Employees are allowed to initiate, carry out, and evaluate the activities of organizational wellbeing.	4.06	1.739	7
8. The company assesses the process quality of creating organizational wellbeing.	3.90	1.861	9
9. The company exchanges and transfers knowledge of organizational wellbeing.	3.82	1.748	10
10. The company provides and supports the resources to build organizational wellbeing.	4.51	1.344	5
Overall mean	4.41	1.319	

Table 4.8 demonstrated that the overall mean of organizational wellbeing in terms of organizational climate by the firms listed on the SET and the market for alternative investment was in a high level with 4.41. The item that had the highest mean score was “The company’s management realized the importance of building employee wellbeing” with 5.01, followed by the item “The company has the policy on supporting organizational wellbeing” with the mean score of 5.00, the item “The company organizes the activities that promote good organizational climate” with the mean score of 4.89, the item “The company communicates with its employees to make them known and understood the activities of organizational wellbeing” with the mean score of 4.56, the item “The company provides and supports the resources to build organizational wellbeing” with the mean score of 4.51, the item “The company sets up the working group responsible for organizational wellbeing” with the mean score of 4.45, the item “Employees are allowed to initiate, carry out, and evaluate the activities of organizational wellbeing” with the mean score of 4.06, the item “The company conducts a survey of employees’ needs before the design of wellbeing activities” with the mean score of 3.91, the item “The company assesses the process quality of creating organizational wellbeing” with the mean score of 3.90, and the item “The company exchanges and transfers knowledge of organizational wellbeing” with the mean score of 3.82, respectively.

Table 4.9 Mean and Standard Deviation of Physical Wellbeing

Physical Wellbeing	Mean	Standard deviation	Ranking
1. The company provides news and information and education about health to its employees.	4.56	1.472	2
2. The company provides health services to its employees, for example, annual check-up and physical fitness test.	5.32	1.324	1
3. The company builds facilities for employees' exercise, such as fitness and badminton courts.	4.05	1.945	6
4. The company organizes the activities that promote good health all year round, for instance, aerobic dance and internal sports competition.	4.23	1.868	4
5. The company provides health services that match employees' problems or needs.	4.18	1.754	5
6. The company establishes a better working climate.	4.31	1.812	3
7. The company collects the information about the employees with risk behavior in health.	3.80	1.890	7
Overall mean	4.35	1.287	

Table 4.9 finds that that the overall mean of organizational wellbeing in the area of physical wellbeing by the firms listed on the stock exchanges of Thailand was in a high level with 4.35. The item that had the highest mean was “The company provides health services to its employees, for example, annual check-up and physical fitness test” with 5.32, followed the item “The company provides news and information and education about health to its employees” with the mean score of 4.56,



the item “The company establishes a better working climate” with the mean score of 4.31, the item “The company organizes the activities that promote good health all year round, for instance, aerobic dance and internal sports competition” with the mean score of 4.23, the item “The company provides health services that match employees’ problems or needs” with the mean score of 4.18, the item “The company builds facilities for employees’ exercise, such as fitness and badminton courts” with the mean score of 4.05, and the item “The company collects the information about the employees with risk behavior in health” with the mean score of 3.80, respectively.

Table 4.10 Mean and Standard Deviation of Psychological Wellbeing

Psychological Wellbeing	Mean	Standard deviation	Ranking
1. The company organizes the activities that promote morality and ethics, such as making a merit and meditation.	4.15	1.919	3
2. The company praises the employees with good conduct.	4.83	1.456	1
3. The company builds a recreation room for its employees during their working time, for example, karaoke room and napping room.	3.19	1.900	6
4. The company conducts a survey of employees’ happiness.	3.70	1.992	4
5. The company surveys employees’ job satisfaction.	4.16	1.846	2
6. The company surveys a level of employees’ stress.	2.88	1.876	7
7. The company applies the results from the survey of happiness, job satisfaction, and stress to improve and develop the quality of life of employees.	3.56	2.124	5
Overall mean	3.78	1.375	



Table 4.10 finds that the overall mean of psychological wellbeing of the companies listed on the stock exchanges in Thailand was in a high level with the 3.78 score. The item that had the highest mean score was “The company praises the employees with good conduct” with the mean score of 4.83, followed by the item “The company surveys employees’ job satisfaction” with the mean score of 4.16, the item “The company organizes the activities that promote morality and ethics, such as making a merit and meditation” with the mean score of 4.15, the item “The company conducts a survey of employees’ happiness” with the mean score of 3.70, the item “The company applies the results from the survey of happiness, job satisfaction, and stress to improve and develop the quality of life of employees” with the mean score of 3.56, the item “The company builds a recreation room for its employees during their working time, for example, karaoke room and napping room” with the mean score of 3.19, and the item “The company surveys a level of employees’ stress” with the mean score of 2.88, respectively.

Table 4.11 Mean and Standard Deviation of Social Wellbeing

Social Wellbeing	Mean	Standard deviation	Ranking
1. The company organizes the activities that strengthen the relationship and unity among the employees.	4.52	1.585	3
2. The company promotes the management and employees to participate in the activities together to strengthen their relationship.	4.96	1.196	1
3. The company creates a channel for exchange of the opinion between the management and employees.	4.17	1.700	5
4. The company organizes the activities that take care of employees’ family, such as workplace nursery and scholarship.	3.61	2.009	8

Social Wellbeing	Mean	Standard deviation	Ranking
5. Working climate facilitates an exchange of ideas and learning.	4.12	1.805	6
6. Employees in the same field of work support each other's work well.	4.47	1.403	4
7. The company has a clear policy on its operation in compliance with the social responsibility or ISO 26000.	3.89	1.989	7
8. The company organizes the activities that create a sense of social responsibility or volunteer spirit for its employees.	4.66	1.551	2
Overall mean	4.30	1.157	

Table 4.11 indicates that the overall mean of social wellbeing by the companies listed in the stock exchanges in Thailand was in a high level with the 4.30 score. The item that had the highest mean score was “The company promotes the management and employees to participate in the activities together to strengthen their relationship” with the 4.96 score, followed by the item “The company organizes the activities that strengthen the relationship and unity among the employees” with the mean score of 4.66, the item “The company organizes the activities that strengthen the relationship and unity among the employees” with the mean score of 4.52, the item “Employees in the same field of work support each other's work well” with the mean score of 4.47, the item “The company creates a channel for exchange of the opinion between the management and employees” with the mean score of 4.17, the item “Working climate facilitates an exchange of ideas and learning” with the mean score of 4.12, the item “The company has a clear policy on its operation in compliance with the social responsibility or ISO 26000” with the mean score of 3.89, and the item “The company organizes the activities that take care of employees' family, such as workplace nursery and scholarship” with the mean score of 3.61, respectively.

Table 4.12 Mean and Standard Deviation of Organizational Wellbeing of the Companies Listed on the Stock Exchanges in Thailand

Organizational Wellbeing	Mean	Standard deviation	Interpretation	Ranking
Organizational climate	4.41	1.319	Very high	1
Physical wellbeing	4.35	1.287	High	2
Psychological wellbeing	3.78	1.375	High	4
Social wellbeing	4.30	1.157	High	3
Overall mean	4.21	1.164	High	

Table 4.12 indicates that the overall mean of organizational wellbeing of the companies listed on the stock exchanges in Thailand was in a high level with the 4.21 score. The aspect of the organizational wellbeing that had the highest mean was organizational climate with the 4.41 score, followed by physical wellbeing with the mean score of 4.35, social wellbeing with the mean score of 4.30, and psychological wellbeing with the mean of 3.78.

#### 4.4 Organizational performance

This section described the results from the analysis of organizational performance of the firms listed on the stock exchanges in Thailand. Return on assets, return on equity, Tobin's Q, earnings per share, and market capitalization are the measures adopted to analyze the organizational performance.

Table 4.13 Min, Max, Mean, and Standard Deviation of Organizational Performance of the Firms Listed on the Stock Exchanges in Thailand

Listed firms' organizational performance	Unit of analysis	Min	Max	Mean	Standard deviation
Return on assets (ROA)	Percent	-13.65	30.21	7.09	6.53
Return on equity (ROE)	Percent	-27.34	59.91	10.63	12.42
Tobin's Q	Ratio	87.04	8,541.48	1,066.90	1,274.31
Earnings per share (EPS)	Percent	-3.15	25.45	1.43	3.54
Market capitalization	Billion baht	0.22	1,278.19	50.82	154.21

Table 4.3 presents the following results.

1. Minimum and maximum values (min and max) of return on assets are -13.65 and 30.21. Its mean was 7.09 with the standard deviation of 6.53.
2. Minimum and maximum values (min and max) of return on equity are -27.34 and 59.91. Its mean was 10.63 with the standard deviation of 12.42.
3. Minimum and maximum values (min and max) of Tobin's Q was 87.04 and 8,541.48. Its mean was 1,066.90 with the standard deviation of 1,274.31
4. Minimum and maximum values (min and max) of earnings per share are -3.15 and 25.45. Its mean was 1.43 with the standard deviation of 3.54.
5. Minimum and maximum values (min and max) of market capitalization are 0.22 and 1,278.19. Its mean was 50.82 with the standard deviation of 154.21.

Table 4.14 Stock Markets and Human Resource Practices

Human resource practices	Stock markets	n	Mean	S.D.	T	Sig.
Recruitment and selection	SET	81	5.10	0.970	2.814	0.010*
	MAI	19	3.97	1.683		
Training and development	SET	81	4.80	1.109	2.503	0.014*
	MAI	19	4.09	1.117		
Compensation and benefits	SET	81	4.75	0.842	2.026	0.056
	MAI	19	4.04	1.469		
Performance evaluation and promotion	SET	81	4.79	0.965	2.033	0.054
	MAI	19	4.07	1.460		
Employee participation	SET	81	4.27	1.004	1.925	0.068
	MAI	19	3.51	1.646		
Overall	SET	81	4.74	0.805	2.584	0.017*
	MAI	19	3.94	1.296		

\* Statistical significance at 0.05

Table 4.14 indicates the firms listed on the stock exchanges of Thailand had better human resource practices than those listed on the market of alternative investment in all aspects. Moreover, the statistical difference of the overall human resource practices is significant, at 0.05 (Sig < 0.05). The aspects that demonstrated statistical differences of human resource practices between the SET and the market for alternative investment are recruitment and selection and training and development at the significant level of 0.05 (Sig < 0.05).

Table 4.15 Stock markets and organizational wellbeing

Organizational wellbeing	Stock markets	n	Mean	S.D.	t	Sig.
Organizational climate	SET	81	4.53	1.2	1.636	0.116
	MAI	19	3.87	1.668		
Physical wellbeing	SET	81	4.51	1.147	2.242	0.035*
	MAI	19	3.63	1.612		
Psychological wellbeing	SET	81	3.96	1.248	2.909	0.004*
	MAI	19	2.98	1.625		
Social wellbeing	SET	81	4.47	1.037	3.34	0.001*
	MAI	19	3.53	1.354		
Overall	SET	81	4.37	1.034	2.481	0.021*
	MAI	19	3.5	1.436		

\* Statistical significance at 0.05

Table 4.15 shows that the companies listed on the SET had better organizational wellbeing than those listed on the market of alternative investment in all aspects. Moreover, the study finds that there is a statistical difference of the overall organizational wellbeing at a significant level of 0.05 ( $\text{Sig} < 0.05$ ). The aspects that indicates the statistical difference of organizational wellbeing between the SET and the market for alternative investment are physical wellbeing, psychological wellbeing, and social wellbeing at the significant level of 0.05 ( $\text{Sig} < 0.05$ ).



Table 4.16 Industry/Sector and Human Resource Practices

Human resource practices	Industry/sector	n	Mean	S.D.	F	Sig.
Recruitment and selection	Real estate and construction	20	5.11	1.236	1.003	0.435
	Services	23	5.04	1.256		
	Financial services	15	4.98	1.006		
	Consumer goods	7	4.46	1.746		
	Technology	9	4.58	1.425		
	Resources	8	5.31	0.395		
	Agriculture and food industry	5	5.05	0.622		
	Industrial goods	13	4.26	1.304		
Training and development	Real estate and construction	20	4.89	1.096	1.029	0.417
	Services	23	4.6	1.118		
	Financial services	15	4.4	1.265		
	Consumer goods	7	3.98	1.86		
	Technology	9	4.79	0.984		
	Resources	8	4.95	0.767		
	Agriculture and food industry	5	5.42	0.57		
	Industrial goods	13	4.53	1.024		
Compensation and benefits	Real estate and construction	20	4.48	1.214	0.621	0.737
	Services	23	4.58	0.981		
	Financial services	15	4.44	1.205		
	Consumer goods	7	4.65	0.359		
	Technology	9	4.62	1.27		
	Resources	8	5.05	0.424		
	Agriculture and food industry	5	5.28	0.609		
	Industrial goods	13	4.53	1.027		



Human resource practices	Industry/sector	n	Mean	S.D.	F	Sig.
Performance evaluation and promotion	Real estate and construction	20	3.8	1.518	1.736	0.11
	Services	23	4.13	1		
	Financial services	15	3.16	1.55		
	Consumer goods	7	2.95	1.289		
	Technology	9	3.94	1.269		
	Resources	8	4.08	1.48		
	Agriculture and food industry	5	4.86	0.701		
	Industrial goods	13	3.84	1.046		
Employee participation	Real estate and construction	20	4.18	1.277	1.596	0.146
	Services	23	4.33	0.952		
	Financial services	15	3.32	1.705		
	Consumer goods	7	4.22	0.615		
	Technology	9	4.57	0.935		
	Resources	8	4.3	0.595		
	Agriculture and food industry	5	4.68	0.576		
	Industrial goods	13	3.93	1.247		
Overall	Real estate and construction	20	4.49	1.004	1.122	0.356
	Services	23	4.54	0.825		
	Financial services	15	4.06	1.091		
	Consumer goods	7	4.05	0.955		
	Technology	9	4.5	1.049		
	Resources	8	4.73	0.472		
	Agriculture and food industry	5	5.06	0.52		
	Industrial goods	13	4.22	0.952		

\* Statistical significance at 0.05

Based on Table 4.16, there are no differences of human resource practices from the overall results and each variable among the companies listed on the stock exchanges in Thailand and the market for alternative investment.

Table 4.17 Industry/Sector and Organizational Wellbeing

Organizational wellbeing	Industry/sector	n	Mean	S.D.	F	Sig.
Organizational climate	Real estate and construction	20	4.13	1.537	1.327	0.246
	Services	23	4.87	0.892		
	Financial services	15	3.86	1.742		
	Consumer goods	7	3.82	1.457		
	Technology	9	4.76	1.29		
	Resources	8	4.66	0.682		
	Agriculture and food industry	5	4.78	0.831		
	Industrial goods	13	4.41	1.272		
Physical wellbeing	Real estate and construction	20	4.32	1.428	3.074	0.006*
	Services	23	4.77	0.888		
	Financial services	15	3.61	1.275		
	Consumer goods	7	3.22	1.093		
	Technology	9	4.79	1.388		
	Resources	8	4.92	0.88		
	Agriculture and food industry	5	5.31	0.274		
	Industrial goods	13	4.06	1.464		
Psychological wellbeing	Real estate and construction	20	3.78	1.519	1.589	0.148
	Services	23	4.06	1.128		
	Financial services	15	3.16	1.608		
	Consumer goods	7	2.85	1.355		
	Technology	9	3.92	1.377		
	Resources	8	3.98	1.537		
	Agriculture and food industry	5	4.88	0.688		
	Industrial goods	13	3.84	1.091		

Organizational wellbeing	Industry/sector	n	Mean	S.D.	F	Sig.
Social wellbeing	Real estate and construction	20	4.12	1.369	1.351	0.236
	Services	23	4.66	0.748		
	Financial services	15	3.91	1.34		
	Consumer goods	7	3.76	1.341		
	Technology	9	4.4	1.326		
	Resources	8	4.68	0.815		
	Agriculture and food industry	5	5	0.579		
	Industrial goods	13	4.06	1.168		
Overall	Real estate and construction	20	4.09	1.344	2.009	0.062
	Services	23	4.59	0.818		
	Financial services	15	3.63	1.342		
	Consumer goods	7	3.41	1.223		
	Technology	9	4.47	1.244		
	Resources	8	4.56	0.908		
	Agriculture and food industry	5	4.99	0.465		
	Industrial goods	13	4.09	1.087		

\* Statistical significance at 0.05

Table 4.17 finds that there was no statistical difference of organizational wellbeing among the companies listed on the stock exchanges in Thailand with different industry/sector. The aspect that shows the statistical difference of organizational wellbeing among the companies listed on the SET and the market for alternative investment was physical wellbeing at the statistical level of 0.05 (Sig < 0.05).

Table 4.18 CG Rating and Human Resource Practices

Human resource practices	CG rating	n	Mean	S.D.	F	Sig.
Recruitment and selection	Level 3	18	4.77	1.504	1.188	0.309
	Level 4	44	4.72	1.246		
	Level 5	38	5.12	1.001		
Training and development	Level 3	18	4.53	1.084	1.728	0.183
	Level 4	44	4.48	1.152		
	Level 5	38	4.93	1.128		
Compensation and benefits	Level 3	18	4.12	1.287	6.675	0.002*
	Level 4	44	4.45	0.978		
	Level 5	38	5.04	0.762		
Performance evaluation and promotion	Level 3	18	4.46	1.496	2.15	0.122
	Level 4	44	4.48	1.04		
	Level 5	38	4.94	0.916		
Employee participation	Level 3	18	3.8	1.504	1.876	0.159
	Level 4	44	4.03	1.281		
	Level 5	38	4.4	0.808		
Overall	Level 3	18	4.33	1.246	3.118	0.049*
	Level 4	44	4.43	0.961		
	Level 5	38	4.88	0.743		

\* Statistical significance at 0.05

Table 4.18 reveal that the firms listed on the stock exchanges in Thailand in various industry/sector in term of organizational wellbeing are not found to be statistically different, overall. The aspect that demonstrated statistical difference of organizational wellbeing was physical wellbeing at the 0.05 significant level.

Table 4.19 CG Rating and Organizational Wellbeing

Organizational wellbeing	CG Rating	n	Mean	S.D.	F	Sig.
Organizational climate	Level 3	18	3.81	1.635	4.019	0.021*
	Level 4	44	4.3	1.298		
	Level 5	38	4.81	1.053		
Physical wellbeing	Level 3	18	3.51	1.643	7.722	0.001*
	Level 4	44	4.25	1.186		
	Level 5	38	4.85	0.974		
Psychological wellbeing	Level 3	18	2.96	1.408	6.100	0.003*
	Level 4	44	3.7	1.398		
	Level 5	38	4.25	1.145		
Social wellbeing	Level 3	18	3.7	1.306	6.083	0.003*
	Level 4	44	4.15	1.065		
	Level 5	38	4.74	1.041		
Overall	Level 3	18	3.49	1.355	7.283	0.001*
	Level 4	44	4.1	1.114		
	Level 5	38	4.66	0.931		

Table 4.19 reveal that the companies listed on the stock exchanges in Thailand received the 5-level CG rating had better human resource practices than those received the 4 and 3-level CG rating. In addition, different CG ratings of human resource practices are found to be statistically significant at the 0.05 level ( $\text{Sig} < 0.05$ ). The aspect that demonstrated the statistical difference of human resource practices among the firms listed on the SET and the market for alternative investment was compensation and benefits at the 0.05 statistical level ( $\text{Sig} < 0.05$ ).

Table 4.20 Company's Age and Human Resource Practices

Human resource practices	Company's age	n	Mean	S.D.	t	Sig.
Recruitment and selection	Below 15 years	9	4.13	2.204	1.705	0.155
	15 – 30 years	38	4.86	1.303		
	31 – 45 years	31	5.18	0.683		
	46 – 60 years	14	4.58	1.049		
	Above 61 years	8	5.18	0.933		
Training and development	Below 15 years	9	4.06	1.533	1.528	0.2
	15 – 30 years	38	4.7	1.153		
	31 – 45 years	31	4.94	0.933		
	46 – 60 years	14	4.28	1.271		
	Above 61 years	8	4.73	0.907		
Compensation and benefits	Below 15 years	9	3.77	1.968	2.272	0.067
	15 – 30 years	38	4.72	0.908		
	31 – 45 years	31	4.81	0.619		
	46 – 60 years	14	4.35	1.134		
	Above 61 years	8	4.72	0.806		
Performance evaluation and promotion	Below 15 years	9	3.88	2.048	1.838	0.128
	15 – 30 years	38	4.78	1.093		
	31 – 45 years	31	4.87	0.572		
	46 – 60 years	14	4.35	1.079		
	Above 61 years	8	4.6	1.157		
Employee participation	Below 15 years	9	3.35	1.711	1.224	0.306
	15 – 30 years	38	4.2	1.202		
	31 – 45 years	31	4.22	1.012		
	46 – 60 years	14	4.32	0.943		
	Above 61 years	8	3.92	1.33		

Human resource practices	Company's age	n	Mean	S.D.	t	Sig.
Overall	Below 15 years	9	3.84	1.823	2.028	0.097
	15 – 30 years	38	4.65	0.936		
	31 – 45 years	31	4.8	0.571		
	46 – 60 years	14	4.38	0.934		
	Above 61 years	8	4.63	0.825		

\* Statistical significance at 0.05

Table 4.20 indicates that different company's ages and human resource practices, including their item questions among the companies listed on the stock exchanges in Thailand are not found to be different.

Table 4.21 Company's Age and Organizational Wellbeing

Organizational wellbeing	Company's age	N	Mean	S.D.	t	Sig.
Organizational climate	Below 15 years	9	3.26	1.881	1.997	0.101
	15 – 30 years	38	4.48	1.33		
	31 – 45 years	31	4.58	1.255		
	46 – 60 years	14	4.42	0.925		
	Above 61 years	8	4.63	0.976		
Physical wellbeing	Below 15 years	9	3.22	1.801	2.303	0.064
	15 – 30 years	38	4.45	1.38		
	31 – 45 years	31	4.62	1.018		
	46 – 60 years	14	4.2	0.987		
	Above 61 years	8	4.3	1.151		
Psychological wellbeing	Below 15 years	9	2.84	1.669	1.243	0.298
	15 – 30 years	38	3.82	1.41		
	31 – 45 years	31	3.9	1.45		
	46 – 60 years	14	4.02	0.761		
	Above 61 years	8	3.73	1.276		



Organizational wellbeing	Company's age	N	Mean	S.D.	t	Sig.
Social wellbeing	Below 15 years	9	3.63	1.782	0.91	0.462
	15 – 30 years	38	4.27	1.229		
	31 – 45 years	31	4.45	0.853		
	46 – 60 years	14	4.37	1.139		
	Above 61 years	8	4.43	1.052		
Overall	Below 15 years	9	3.24	1.688	1.829	0.13
	15 – 30 years	38	4.26	1.222		
	31 – 45 years	31	4.39	1.003		
	46 – 60 years	14	4.25	0.834		
	Above 61 years	8	4.27	1.021		

\* Statistical significance at 0.05

Table 4.21 indicates that different company's ages and organizational wellbeing, including their item questions among the companies listed on the stock exchanges in Thailand are not found to be different.

#### 4.5 Results of correlation coefficient analysis among the observed variables

This section explained the results from the analysis of correlation coefficient among the observed variables. The research examined the relationship among the observed variables by means of the structural equation modelling (SEM). To begin with, all observed variables would be analyzed whether they can be developed into the structural equation modelling. Also, their relationship should not be overlapped. Thus, all variables in the model must show their relationship at an appropriate level through factor analysis. The correlation coefficient values should not be zero. If the observed variables are not found to be correlated, it indicates that there are no common factors. As a result, it was useless to use that model for analysis (Nonglak Wiratchai, 1999).

The results from factor analysis reveal that all observed variables can be used for structural equation modelling by Bartlett's Test and Kaiser-Meyer-Olkin. Furthermore, multicollinearity was analyzed by Correlation Pearson Product Moment. Based on the results of the correlation analysis, most correlation coefficient values shows positive signs from 14 observed variables, indicating the same direction of their relationships with 83 matching variables. In contrast, there are eight matching variables that shows negative signs, indicating opposite direction of relationship. Most observed variables with the same direction of relationship are statistically significant at the 0.01 level with 38 matching variables and at the 0.05 level with 9 matching variables. Additionally, the relationships among almost all matching variables with the correlation coefficient values of not exceeding 0.80. There are three matching variables in the same direction with the positive relationship of the values that exceeded 0.80. Those are 1) compensation and benefits (SA) and performance evaluation and promotion (PA) ( $r = .858$ ), 2) physical wellbeing (PhyWB) and social wellbeing (SoWB) ( $r = .842$ ), and 3) return on equity (ROE\_X) and return of assets (ROA\_X) ( $r = .810$ ). They are slightly above .80, meaning that they would partially affect the analysis and interpretation. Besides, correlation matrix among the variables was statistically different from unit matrix at the 0.01 level. It finds that Kaiser-Meyer Olkin value was 0.840 which was greater than 0.80. Kim and Muller suggested that if the values are greater than 0.80, the variables are appropriate for factor analysis. If they are less than 0.50, the variables are not suitable for factor analysis (Wilawan Makhum, 2006; Kim & Muller, 1978). Therefore, the results from the analysis demonstrated that the variables in this research are appropriate for further conducting confirmatory factor analysis.

Table 4.22 Analysis of Correlation Coefficient of Observed Variables in the Structural Equation Modelling

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. RS	1.000													
2. TN	.711**													
3. SA	.612**	.699**												
4. PM	.701**	.770**	.858**											
5. PAR	.454**	.570**	.588**	.656**										
6. ENV	.526**	.751**	.712**	.716**	.698**									
7. PhyWB	.531**	.704**	.652**	.685**	.630**	.785**								
8. PsyWB	.279**	.497**	.487**	.452**	.524**	.690**	.763**							
9. SoWB	.541**	.696**	.669**	.666**	.587**	.776**	.842**	.730**						
10. ROE_X	-.055	.041	.157	.107	.107	.067	.096	.100	.039					
11. ROA_X	-.095	-.095	-.016	-.028	.065	-.042	.030	.026	-.073	.810**				
12. TobinsQ	.076	.124	.140	.108	.180	.151	.176	.078	.121	.489**	.524**			
13. EPS_X	.130	.086	.228*	.202*	.034	.192	.121	.177	.209*	.295**	.163	-.020		
14. MarketCa	.186	.247*	.261**	.281**	.129	.252*	.224*	.216*	.276**	.273**	.096	.060	.796*	1.000**

Remark: \* Statistical significance at 0.05 \*\* Statistical significance at 0.01

Kaiser-Meyer-Olkin = 0.840

Bartlett's Test of Sphericity = 1091.688, df = 91, P-value = 000

#### 4.6 Hypothesis testing

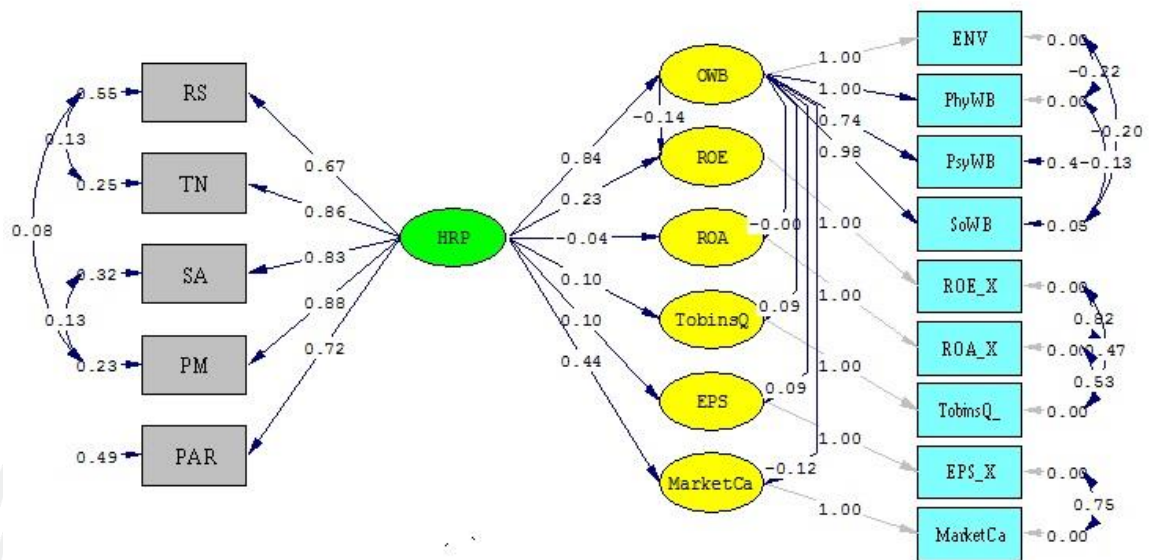


Figure 4.1 Structural Equation Modelling of the Effects of Human Resource Practices and Organizational Wellbeing on Organizational Performance  
Remark: acronyms of latent variables and observed variables

HRP	Human resource practices
OWB	Organizational wellbeing
RS	Recruitment and selection
TN	Training and development
SA	Compensation and benefits
PM	Performance evaluation and promotion
PAR	Employee participation
ENV	Organizational climate
PhyWB	Physical wellbeing
PsyWB	Psychological wellbeing
SoWB	Social wellbeing
ROE_X	Return on equity
ROA_X	Return on assets
TobinsQ	Business values by Tobin's Q
EPS_X	Earnings per share

MarketCa      Market capitalization

Table 4.23 Structural Equation Modelling of the Effect of Muman Resource Practices and Organizational Wellbeing on Organizational Performance: Goodness of Fit

Chi-Square ( $\chi^2$ )	df	( $\chi^2$ /df)	p-value	GFI	CFI	RMSEA	SRMR
75.337	61	1.235	0.102	0.902	0.987	0.049	0.058

Table 4.23 shows that the model perfectly fit the empirical data with 6 accepted goodness of fit indices. The indices included Chi-Square  $\chi^2$ /df (1.235), p-value (0.102), goodness of fit index (0.902), comparative fit index (0.987), root mean square of approximation (0.049), and standardized root mean square residual (0.058). Therefore, it can be concluded that the structural equation modelling perfectly fit the empirical data. The following was an explanation of those accepted goodness of fit indices.

1. Chi-Square  $\chi^2$ /df was 1.235, meaning that the model fit the empirical data perfectly. The chi-square value was less than 2.00.
2. P-value was 0.102 which was higher than 0.05, indicating that no statistical significance was present. The model fit the empirical data perfectly.
3. Goodness of fit index (GFI) was 0.902, meaning that the model fit the empirical data perfectly. The goodness of fit index should be greater than 0.90, theoretically.
4. Comparative fit index (CFI) was 0.987, indicating that the model fit the empirical data comparatively. The index should be higher than 0.90.
5. Root mean square of approximation (RMSEA) was 0.049, meaning that the model fit the empirical data perfectly. The RMSEA should be less than 0.05.
6. Standardized root mean square residual (SRMR) was 0.058, indicating that the model fit the empirical data perfectly. The SRMR should be less than 0.08.

Table 4.24 Estimated Parameters of Direct Effects, Indirect Effects, and Total Effects from Structural Equation Modelling

Predictors	Effects	Dependent variables					
		OWB (R <sup>2</sup> = 0.704)	ROE (R <sup>2</sup> = 0.020)	ROA (R <sup>2</sup> = 0.002)	Tobin's Q (R <sup>2</sup> = 0.030)	EPS (R <sup>2</sup> = 0.033)	MarketCap (R <sup>2</sup> = 0.116)
HRP	DE	0.839**	0.235	-0.043	0.095	0.103	0.438*
	IE	-	-0.116	-0.002	0.072	0.072	-0.104
	TE	0.839**	0.119	-0.045	0.167	0.175	0.334**
OWB	DE	-	-0.139	-0.002	0.086	0.086	-0.124
	IE	-	-	-	-	-	-
	TE	-	-0.139	-0.002	0.086	0.086	-0.124

Remark: DE = direct effects, IE = indirect effects, TE = total effects \*\*  $p < .01$  \*  $p < .05$

Table 4.24 demonstrated that the factors that had direct and indirect effects on organizational performance of the firms listed on the stock exchanges in Thailand are market capitalization which was directly influenced by the effects of human resource practices with the effect size of 0.438 at the statistically significant level of 0.05. In addition, market capitalization was influenced by the effects of human resource practices with the effect size of 0.334 at the statistically significant level of 0.01. Apart from direct and indirect effects on organizational performance of the companies listed on the stock exchanges in Thailand, there are also other factors that are influenced by the effects of human resource practices with the effect size of 0.839 at the statistically significant level of 0.01. It was concluded as follows.

1. Human resource practices had direct positive effects on organizational performance of the companies listed on the stock exchanges in Thailand. Also, market capitalization had direct positive effect by 0.438 with the statistical significance at the level of 0.05.



2. Human resource practices had direct positive effects on organizational wellbeing of the companies listed on the stock exchanges in Thailand. Its effect value was equivalent to 0.839 with the statistical significance at the 0.01 level.

Table 4.25 Results of Hypothesis Testing

Hypothesis No.	Description	Results
1	Human resource practices had direct positive effects on organizational performance of the firms listed on the stock exchanges in Thailand.	Accepted
2	Human resource practices had direct positive effects on organizational wellbeing of the firms listed on the stock exchanges in Thailand.	Accepted
3	Human resource practices had direct positive effects on organizational performance of the firms listed on the stock exchanges in Thailand through the mediator variable of organizational wellbeing.	Rejected



## **CHAPTER 5**

### **CONCLUSION, DISCUSSION, AND RECOMMENDATIONS**

As its name suggests, this chapter provides the conclusions drawn on the research results and analysis. It also presents limitations of the research. At the end of the chapter is the recommendations section.

#### **5.1 Conclusion**

The study entitled, “The effects of human resource practices and organizational wellbeing on organizational performance of the firms listed on the stock exchanges in Thailand and the market for alternative investment” adopts a quantitative research method. It aims to (1) examine the relationships among corporate governance, human resource practices, and organizational wellbeing toward organizational performance, (2) investigate the direct and indirect effects of corporate governance, human resource practices, and organizational wellbeing on organizational performance, and (3) identify the casual relationships of corporate governance, human resource practices, organizational wellbeing on organizational performance.

This study targets the firms listed on the SET. Organizational performance served as an dependent variable of the research, which includes return on assets, return on equity, Tobin’s Q, earnings per share, and market capitalization. In terms of predictors, there are nine independent variables that were categorized into two groups: human resource practices and organizational wellbeing. For human resource practices, the variables were recruitment and selection, training and development, compensation and benefits, performance evaluation and promotion and employee participation. For organizational wellbeing, the variables were organizational climate, physical wellbeing, psychological wellbeing, and social wellbeing. The samples were the firms listed on the SET and the market for alternative investment with the CG rating of

“Good”, “Very Good”, and “Excellent”. The data was collected from 203 companies listed on the SET and the market for alternative investment observed from 2016 – 2018. A questionnaire was developed and treated as a research instrument. Data from the questionnaire was analyzed by frequency, percentage, min, max, mean, and standard deviation. The structural equation modelling of human resource practices and organizational wellbeing on organizational performance was analyzed by the LISREL program to examine the goodness of fit of the model with the goodness of fit indices. The goodness of fit indices was chi-square  $\chi^2/df$ , the goodness of fit index, the comparative fit index, the root means square error of approximation, and the standardized root mean squared residual.

### **5.1.1 General information**

Most samples were from companies listed on the SET, followed by the market for alternative investment. Those listed on both the SET and the market for alternative investment were in the service sector, mainly. Most of them were awarded with the 4-level CG rating in 2018. Their company’s ages range between 15 – 30 years.

### **5.1.2 Human resource practices**

5.2.1 Recruitment and selection: the item with the highest mean score is “The company follows the procedures of recruitment and selection systematically and with the standards”, followed by the item “The company defines the criteria of selection and recruitment in a clear and concrete manner”. On the opposite, the item with the lowest mean score is “The company follows the procedures of recruitment and selection systematically and with the standards”.

5.2.2 Training and development: the item with the highest mean score is “The company provides training and development for its employees continually”, followed by the item “The company improves and develops its employees’ training and development plans continually. The item with the lowest mean score is “The company implements mentoring and feedback system”.

5.2.3 Compensation and benefits: the item with the highest mean score is “The company takes economic conditions and its profits into consideration when making decisions in compensation and reward”, followed by the item “The company realizes the importance of fair compensation structure in line with different positions”.

In contrast, the item with the lowest mean score is “The company provides compensation and benefits to its employees higher than the average of its industry”.

5.2.4 Performance evaluation and promotion: the item with the highest mean score is “The company makes employees’ promotion based on their job performance”, followed by the item “The company usually conducts employees’ job performance evaluation”. The item with the lowest mean score is “The company has the process of performance evaluation and provides the feedback to the employees periodically and continually”.

5.2.5 Employee participation: the item with the highest mean score is “Employees are allowed to participate in decision making concerning their job responsibilities”, followed by the item “Employees are free to fix the problems related to their responsibilities”. The item with the lowest mean score is “The company provides an opportunity to its employees to modify their working areas”.

### **5.1.3 Organizational wellbeing**

Overall, the organizational wellbeing of the companies listed on the stock exchanges in Thailand is measured to be at a high level. The aspects of organizational wellbeing that received high mean scores were organizational climate, physical wellbeing, and psychological wellbeing.

5.3.1 Organizational climate: the item that received the highest mean score is “The company’s management realizes the importance of building employee wellbeing”, followed by the item “The company has the policy on supporting organizational wellbeing”. The item that had the lowest mean score is “The company exchanges and transfers knowledge of organizational wellbeing”.

5.3.2 Physical wellbeing: the item that received the highest mean score is “The company provides health services to its employees, for example, annual check-up and physical fitness test”, followed by the item “The company provides news and information and education about health to its employees”. The item that had the lowest mean score is “The company collects the information about the employees with risk behavior in health”.

5.3.3 Psychological wellbeing: the item that received the highest mean score is “The company praises the employees with good conduct”, followed by the

item “The company surveys employees’ job satisfaction”. The item that had the lowest mean score is “The company surveys a level of employees’ stress”.

5.3.4 Social wellbeing: the item that received the highest mean score is “The company promotes the management and employees to participate in the activities together to strengthen their relationship”, followed by the item “The company organizes the activities that create a sense of social responsibility or volunteer spirit for its employees”. The item that had the lowest mean score is “The company organizes the activities that take care of employees’ family, such as workplace nursery and scholarship”.

#### **5.1.4 Organizational performance**

The study finds that the return on assets is the variable with the mean score which is equivalent to 7.09 with the standard deviation of 6.53. Also, return on equity is the variable with the mean score that is equal to 10.63 with the standard deviation of 12.42. Tobin’s Q had the mean score of 1,066.90 with the standard deviation of 1,274.31. Market capitalization had the mean score of 50.82 with the standard deviation of 154.21.

#### **5.1.5 Hypothesis testing**

The study finds that the companies listed on the SET had better human resource practices than those listed on the market for alternative investment in all aspects with the statistical significance at the 0.05 level. When each items of human resource practices were considered, the study finds that the companies listed on the stock exchanges in Thailand were better at recruitment and selection and training and development than the firms listed on the market for alternative investment with statistical significance at the 0.05 level. As far as structural equation modelling is concerned, the goodness of fit is clear, as indicated by the accepted 6 goodness of fit indices. Those six indices included the chi-square  $\chi^2/df$  (1.235), p-value (0.102), the goodness of fit index (0.902), the comparative fit index (0.987), the root mean square error of approximation (0.049), and the standardized root mean squared residual (0.058). Meanwhile, the variables that had direct and indirect effects on organizational performance of the firms listed on the stock exchanges in Thailand were market capitalization and organizational wellbeing which were directly influenced by human

resource practices with the 0.438 and 0.839 effect sizes at the statistical significance of the 0.05 and 0.01 level, respectively.

## 5.2 Discussion

5.2.1 Human resource practices had direct positive effects on organizational performance of the firms listed on the stock exchanges in Thailand.

The study finds that market capitalization is one of the organizational performance measures that directly influences human resource practices; at the statistical level of 0.05, which corresponds to the study conducted by Tseng and Lee (2009). The study tests the relationship between human resource practices and organizational performance with the results revealing that human resource practices are the variable that effects organizational performance with statistical significance, which is in line with the research by Darwish, Singh, and Mohamed (2013) who tested the effects of understandings towards human resource practices on organizational effectiveness. The results reveal that human resource practices are positively associated with financial performance; consistent with the study by Darwish, Singh, and Wood (2016), who studied the impact of human resource practices on perceived organizational performance. The results indicate that training is one of the human resource practices that positively influences perceived organizational performance.

5.2.2 Human resource practices had direct positive effects on organizational wellbeing of the companies listed on the stock exchanges in Thailand.

The study finds that organizational wellbeing is the variable that is directly influenced by human resource practices at the statistical level of 0.01. This finding corresponds to the research by Natthawut Rotnitiruttikul (2009) that explores the relationship between the policies on human resources and the organizational health of the faculties under public universities. His research findings show that the factor that had the highest direct effects on organizational health are rewards and compensation policies, followed by training and development policies, organizational climate, adoption of technology, and job security, respectively. Such findings correspond to the study by Lawan Phemsukrungrueang and Phanni Suwatthi (2016) who



investigated personnel management affecting the organizational health of educational institutions under the Ratchaburi Primary Educational Service Area Office 2. The results demonstrate that personnel management, personnel development, manpower planning, and manpower treatment are factors that influence organizational health. These findings are consistent with the study entitled, “Developmental Factors of Happiness (Public Sector): Systematic Review” by Yuphawan Thontanunam et al (2015). The findings from a systematic review indicate that the factors creating happy organizations were personnel management, management leadership, organizational commitment, and the good behavior of organizational membership.

5.2.3 Human resource practices that have direct positive effects on organizational performance of the firms listed on the stock exchanges in Thailand through the organizational wellbeing serving as the mediator variable.

The study finds that human resource practices are variables do not have any positive effects on organizational performance of the firms listed on the stock exchanges in Thailand through the mediator variable. The mediator variable is organizational wellbeing. Such results are consistent with the ideas of Quinn & Rohrbaugh (1983) which state that management activities with high expectations for organizational performance will not create organizational wellbeing. These results are not in line with the study by Zakaria, Abdulatiff, and Ali (2014) that examine the impact of organizational wellbeing on organizational performance. Their results indicate that organizational wellbeing has a direct positive effect on non-financial performance and financial performance.

### **5.3 Limitations**

5.3.1 The first limitation of this study is its sample size. Although the researcher avoided the low rates of return for questionnaires given by post mail through email with regular follow-up, there were only 100 questionnaires returned to the researcher. The number of returned questionnaires represents 49.26 percent of total samples which is less than the suggested rate of returned questionnaires. Phichit Phithakthesombat (2004, p. 350) recommends that for data collection by post mail and email, the rate of appropriate number of returned questionnaires for analysis

should be at least 50 percent. With the written limitations, the reliability of research results can be affected accordingly.

5.3.2 The required data was collected with the questionnaires from the human resources employees at the management level. They are employed by the companies listed on the SET and the market for alternative investment. Their role is important to management and they know the details of human resources management, including business information. Human resource employees at the management level were appropriate to use as informants for this research. As a result, those interested in applying the results of this research must take the limitations of such information into account since it is a business assessment by company management.

5.3.3 Because human resources management is a sensitive and confidential issue, the researcher faced problems of returned questionnaires by the companies listed on the stock exchanges in Thailand. Some companies did not give any cooperation to fill in the questionnaires. The number of returned questionnaires from the samples by each industry/sector is shown in Table 5.1.

Table 5.1 Proportion of Returned Questionnaire from the Samples by Each Industry/Sector.

Industry/Sector	Samples (companies)	Number of returned questionnaires	Returned questionnaires in percentage
1. Agriculture and food industry	20	5	2.46
2. Consumer goods	12	7	3.45
3. Financial business	26	15	7.39
4. Industrial goods	32	13	6.40
5. Real estate and construction	35	20	9.85
6. Resources	21	8	3.94
7. Services	44	23	11.33
8. Technology	13	9	4.43
Total	203	100	49.26



## 5.4 Recommendations

In this section, recommendations are drawn for two purposes: policy and future research.

### 5.4.1 Policy Recommendations

The results demonstrate that different human resource practices and organizational wellbeing of the firms listed on the stock exchanges in Thailand constitute different levels of CG ratings. In addition, human resource practices had direct positive effects on organizational wellbeing and performance. Thus, the policy recommendations are as follows.

1) It is recommended that the companies listed on the stock exchanges in Thailand realize the importance of human resources management to create a happy workplace. Building a better organizational climate that allows employees to be happy is worth the investment, improving job creativity in all dimensions, including increased productivity, enhanced quality, improved customer satisfaction, adaptability, and flexibility. Furthermore, happy employees and a workplace can minimize losses, absence from work, and leave, including reducing work stress (Boonchong Chawsithiwong, 2007, p. 61).

2) The firms listed on the market for alternative investment should put their attention on recruitment and selection. These are considered significant processes since recruitment and selection are the starting point for human resources management activity that affects the survival of an organization. If it could recruit and select an employee with the appropriate capabilities, the organization would achieve its set of goals and objectives.

3) The companies listed on the market for alternative investment are recommended to emphasize continual development and learning for their employees. They could be promoted with knowledge about jobs and personal issues necessary for their living. For instance, they should be promoted with Buddha's teachings, sufficiency, life skills, and health. The means their learning must be diverse, such as through teaching, field trips, brainstorming, scholarships, and work support. Also, organizations should put their employees into positions that match their interests,

allowing them to work for the organizations with increased happiness (Juthamas Kaewpijit, 2014, pp. 50-55).

4) It is recommended that the firms listed on the SET and the market for alternative investment with the 3-4 level CG rating place their attention to the development of a happy organization or organizational wellbeing or healthy organization. Such developments should correspond to the organization's visions, goals, and strategies, which require cooperation among the management, employees, and organizations. It must be carried out systematically and holistically. Teamwork environments should be established with the goal of promoting cooperation. An employee's work-life balance should be promoted to lead to the creation of organizational culture of wellbeing.

In addition to the policy recommendations drawn on the results, the interviews with two more senior experts were also conducted to complete this study. The results from the interviews were analyzed and, subsequently, added to the recommendations on capital markets or for the firms listed on the stock markets in Thailand in preparedness for a potential crisis. Those two senior experts included Dr. Vorapol Socratyanurak, a former secretary-general of Thailand's Securities and Exchange Commission (SEC) and Mr. Praphan Charoenprawat, president of the MAI.

5) The stock markets should get themselves prepared for a possible crisis. Four policies are recommended to be adopted. The first policy is the creation of opportunities available to all sectors. The second is to build confidence; the third is the strengthening of the investor base. The fourth is an enhancement of the economic capabilities that allow the stock markets to compete in an international environment. Such policies can be achieved by a '4Ps' strategy: proactive, preventive (stricter law enforcement), promotion, and premier. To be specific, promotion deals with encouraging both investors and fundraisers to understand and utilize the capital markets; at the same time, the premier is a strategy aimed at transforming Thailand's capital markets into leading stock exchanges in an international manner. Moreover, the Securities and Exchange Commission is recommended to emphasize its governance, consistent with development so that innovation can occur, creating a balance of rules and regulations that allow convenient, fast, and transparent investment with international standards. The role of stakeholders should also be

increased in all capital markets (Vorapol Socratyanurak, interview on 29 March 2020).

6) In response to the uncertainty, capital markets are recommended to revise their laws and regulations to enhance their agility and reduce the problems of running businesses, including investments. They should seek cooperation from their alliances to push and promote self-immunity pertaining to good governance principles. Additionally, financial products and investments should be increased and varied to offer more channels of investment that reduce the risk of investment. Digital technology should be adopted to facilitate access to capital markets and promote faster services (Praphan Charoenprawat, interview on 18 March 2020).

#### **5.4.2 Future Research Recommendations**

1) With the limitations of sample size in this study, the future research should address the sample size by confirming the findings of this research. Qualitative methods are recommended to be adopted to further examine the topic through focus groups and in-depth interviews. The recommended population should be successful organizations with outstanding performance. The data obtained from those successful organizations could be used to develop human resource management and strengthen organizational wellbeing.

2) Future research should reexamine the population of this study to confirm the research results under the changing context and environment.

3) Since this current study focuses on the unit of analysis at the organizational level, future research is recommended to develop a conceptual framework at other levels of analysis. Moreover, a multi-level analysis is recommended to be embraced to analyze the effects of multi-level predictors that influence dependent variables.

4) Future research is recommended to explore other variables, for example, business strategy and leadership. This study extends the body of academic knowledge and its usefulness could be applied to future research.

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