

**HUMAN RESOURCE TRANSFORMATION AND
COMPETITIVE ADVANTAGE: A CASE
STUDY OF KRUNGTHAI BANK**

Rakchart Chaemchan

**A Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of
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ABSTRACT

Title of Dissertation	Human Resource Transformation and Competitive Advantage: A Case Study of Krungthai Bank
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The objective of this dissertation are 1) to examine the context of HR transformation to create competitive advantage for Krungthai Bank, 2) to determine the key success factors that can influence HR transformation to create competitive advantage for Krungthai Bank, and 3) to develop an effective model for HR transformation to create competitive advantage for Krungthai Bank. To achieve the research objectives, the study employs mix method research. Both Quantitative and Qualitative Research are employed to bring knowledge, facts, and discoveries. The key Informant for the qualitative research are 20 specialists who are top management of entities in the public sector, Krungthai Bank, related associations, institutions, customers, and academics. The sample of the quantitative research are personnel of Krungthai Bank's headquarter in Bangkok and the metropolitan areas. A sample size of 400 from convenience sampling calculated based on the formula. The study utilize qualitative research and in-depth interviews were the data collection tools while quantitative research using questionnaires and descriptive statistics and the structural equation model.

The Finding presented that Krungthai Bank tend to score high of mean value of organization culture, service quality, competitive advantage, human resource management and development, and HR transformation to create competitive advantage. Confirmatory factor analysis of successful factors found that above factors affected the development of HR transformation to create competitive advantage.

In addition, the relationship with structural model, it was expressed HR transformation and competitive advantage between modification indices (MI) was employed in this research. This new model related to the information and the hypotheses. After testing of the hypotheses, both direct and indirect effect were found between factors. They were found to have direct effect and indirect effect on organization culture, service quality and human resource management and development with competitive advantage, and competitive advantage with HR Transformation to create competitive advantage.

Last but not least, HR transformation and competitive advantage model of Krungthai Bank can be proposed. The explanation will follow Krungthai Bank's policy management process. To formulate the strategic management policy, all levels of Krungthai Bank's executive will explore both internal and external environments. Then to implement the policy successfully, the executives will take into account various influential factors. At the end to evaluate the policy outcome to achieve, the executive needs to understand all indicators and presents them in both qualitative and quantitative formats such as profit, loss, number of customers, and customer's satisfaction etc. Finally, after policy evaluation the bank will realize its strength and weakness of its organization and human resource management. At this stage the bank will have sufficient information on problems and obstacles and the resolution for its problems and improvement. This is a feedback analysis stage that suggests and recommends the bank way to succeed.

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CHAPTER 1

INTRODUCTION

1.1 Rationale and Significance of the Issue

The readiness of Thailand's financial and capital markets to join the ASEAN Economic Community (AEC) embodied the economic liberalization of the Association of Southeast Asian Nations (ASEAN). The event on 1 January, 2015 was the most globally-watched successful regionalism of the decade. The AEC is a significant symbol of the shift in the balance of power from the West to the East because it will lead to ASEAN's increased bargaining power with trading partners, and its free flow of factors of production will lead to rapid economic growth (Department of ASEAN Affairs, 2015, p. 82).

The Department of ASEAN Affairs, Ministry of Foreign Affairs (2015a) in Thailand, has information that illustrates the capability of Thailand's financial and capital markets in entering the AEC with strength and stability. Thailand has made preparations to enhance its potential in 4 related areas: fiscal liberalization, financial liberalization, capital market liberalization, and money laundering regulations. Hence, Thai financial institutions are critical mechanisms through which these missions will be achieved, and the financial sector is still enjoying consistent growth (AEC Information Center, 2015).

The Bank of Thailand (BOT), the main entity responsible for the monetary liberalization, has the goal of complete and free regional linkages with a strong supervision mechanism that meets international standards. There is clear policy to support the elevation of Thai financial institutions to meet the regional criteria of Qualified ASEAN Banks (QABs), which can enjoy greater access to the ASEAN markets.

Further, specialists in the development of financial institutions have concurred that many Thai laws need to be amended in order to appropriately increase

competitiveness in anticipation of the AEC. Most importantly, laws must be developed in response to new financial innovations in order to ease the supervision burden of the government. However, progress in this area has been inconsistent and ineffective, since the government has remained irresolute as to whether to choose “protectionism” or “liberalization” policies (Atthayut Srisamut, 2013, p. 80).

Banking sector liberalization through the establishment of the criteria of Qualified ASEAN Banks (QABs), allow qualified banks to operate in all 10 countries and serving to connect the ASEAN financial markets. Nevertheless, financial institutions are highly sensitive and the financial systems of ASEAN countries have different structures. Currently, only Singapore and Malaysia are ready for financial liberalization. Thus, Thai financial institutions must rapidly develop stronger and more stable financial positions that are adequate for meeting international standards and for joining the ASEAN financial system (Oranich Roongthipanon, 2014, p. 11).

The positive effects of the financial liberalization on Thailand include increased convenience in conducting financial transactions, which will increase the opportunities to raise funds and attract new investments into Thailand through increased volume in cross-border trade and investment. On the other hand, the negative effects stem from the differences in standards among the financial institutions of the ASEAN member states, which might result in the financial system facing heightened risks, such as the risk of cross-border financial transactions or fluctuations in exchange rates during the movement of capital. In addition, many small financial institutions might need to cease operations because they cannot compete with large financial institutions. The BOT has conjectured that the expansion of Thai financial institutions into international markets during the first stage will serve to respond to the needs of existing customers rather than to capture customers for local banks (Committee on Monetary, Finance, Banking and Financial Institutions, 2015, pp. 1-2).

The above discussion concerning the rationale and significance of the preparation for the AEC among financial institutions illustrates the complexity of the tasks. The establishment of a single market for the combined population of 600 million, or 10 times the size of the Thai population, represents a significant opportunity for Thai financial institutions. However, there are also threats from

increased competition, mostly from developed countries. It is, thus, crucial to develop competitiveness and service excellence for financial institutions, especially in the area of human resource management, and this will require knowledge, experience, and the participation of all parties (Ulrich, Younger, Brockbank, & Ulrich, 2012, p. 39).

Moreover, this entails the implementation of good organizational culture that has a positive impact on the operation, and the understanding of the process and the actual execution of the tasks. Management tools and techniques, such as the quality control circle (QCC), ISO, SWOT analysis, the balanced scorecard (BSC), and the key performance indicator (KPI) will be employed to develop service quality, analyze the company's position, plan for performance monitoring and evaluation, improve processes, and measure progress. In order to select the appropriate tools, the purposes they would serve and other related factors and variables must be taken into consideration jointly to suit each type of task and each company. The human resource element is the most difficult to control and predict since it is related to many factors, such as internal organizational structure, knowledge, skills, individual culture, and success-related behaviors from hidden personality traits such as leadership, attitudes, values, motivation, or internal drive (Ulrich, 1998, p. 120). By extracting these hidden abilities and applying them to increase its performance and to achieve its outcomes, a resourceful company could transform the superior aptitude of its personnel into a tangible asset (Ulrich, 2010, p. 167).

Krungthai Bank, whose major shareholder is the Ministry of Finance, is the first state enterprise that had its shares listed on the Stock Exchange of Thailand. It is, therefore, a large bank with a financial position and performance that are strong enough to support the expansion of its operational abilities to meet its objectives. It had a net profit of 33,191 Million baht for the year 2014, down 3.83% , and it increased its provision expenses for bad debts, doubtful accounts, and loss on impairment up 1,343 million baht. It has 23,014 employees. Krungthai Bank has transformed its internal operation processes and improved its "people capability" for greater efficiency in customer services and business expansion under accurate and efficient risk management that will lead to enhanced competitiveness and readiness to make a sustainable leap together with customers, society, shareholders, and stakeholders in anticipation of the AEC (Krungthai Bank, 2016a). Krungthai Bank, as

a leading financial institution that plays an important role in driving the economy and building a good foundation for the economy and the society, has engaged in many improvements in internal work processes. It takes into consideration social and environmental responsibilities in accordance with international standards. Further, the bank has developed operational guidelines for customer services, improved its modern technology system, performed business administration in compliance with good corporate governance, operates with integrity, transparency, and ethics, takes into account all stakeholders such as employees, customers, shareholders, and the society, and has established anti-corruption policies. These will build confidence among stakeholders and encourage all parties to strive to improve the operational processes of the bank to elevate its customer services for retail, SME, wholesale, and government customers.

The bank has been working on what is called the KTB Transformation Project. For retail and SME transformation, the bank has developed a sales and services model to increase the employees' competencies related to selling products and services, developed credit approval criteria, established a "loan factory" to reduce the credit approval time, and developed an early warning system (EWS) as well as a debt collection system. In terms of wholesale transformation, the bank elevated its service quality for wholesale customers by adopting a solution-oriented approach when suggesting products to customers. The bank focuses on increasing fee income from cash management, trade, treasury, structured finance, global markets and debt the capital market, and has created strong product and marketing teams, especially for the global market and the debt capital market. Regarding HR transformation, the bank sets HR strategy and an organizational structure, designs manpower plans using people supply chain management, sets appraisal criteria and KPI, promotes the bank to become a performance driven organization. The bank explores the opportunities to reduce cost by following best practices, employs cost reduction/ performance optimization, and improves procurement processes to increase flexibility and reduce the bank's cost. This is the key for defending and maintaining the bank's position, and allows it to achieve its goals amidst competition and an extremely dynamic society and economy (Ulrich, 1996, p. 43). It is also a critical foundation that will enable the bank to achieve stable and sustainable growth (Krungthai Bank, 2016b).

Hence, as a state-owned commercial bank and one of the main institution that drives the economy and develops the society to achieve stable and sustainable growth, Krungthai Bank is required to have good governance, clear and appropriate segregation of responsibilities that provide checks and balances and guidance to directors, management, and employees, and the establishment and communication of policies against fraud. Human resource management policies, which encompass recruitment, management, and continuous development (Ulrich & Brockbank, 2005), are compatible with the bank's business plan and are capable of equipping its personnel with the ability to achieve the goals of HR transformation, which comprises 3 elements:

- 1) Strengthen HR Function: building capability by devising the bank's HR strategy and management structure
- 2) Overhaul Overall Manpower Model: improving the bank's management of its workforce, for example through demand estimation, and recruitment and job rotations, all of which must be effectively and systematically coordinated
- 3) Initiate Culture Change: integrating transformation as a part of the organization's culture

The bank believes that its HR transformation efforts complement the transformation of other business, such as retail, SMEs, and corporate banking, making them more cohesive and effective. The bank aspires to be one of the nation's leading organizations by 2018 and to be one of the most pleasant workplaces by 2021, as it improves personnel motivation, remuneration, and welfare. The bank benchmarks its employee compensation package, encompassing salary, wages, bonuses, allowances, and medical and educational support against the market. Further, employees are entitled to the bank's provident fund (Ulrich, Brockbank, Johnson, & Younger, 2007, p. 6). Human resource management and development will enable the bank to achieve its goals.

In addition to offering internal training programs/seminars/individual lectures to employees, the bank also encourages employees to attend external training programs/seminars/lecture classes at domestic and international educational institutes and government agencies on a regular basis in order to enhance employees' capability

and to prepare them for future work requirements. Furthermore, the bank has annual performance appraisals based on the KPI approach, which provides employees with feedback on their abilities and potential, leading to continuous self-development.

According to the above, it can be observed that the regional integration of 10 ASEAN countries presents opportunities for financial institutions, which are an important sector of Thailand and an area where Thailand has an advantage against other ASEAN members. While this service sector could grow exponentially, there is also a threat from competitors from highly-developed countries such as European countries, the United States, China, India, Japan, and Korea, whose investments in the Thai market could significantly impact Thai financial institutions. Therefore, the significance of preparing for the AEC is an urgent matter for all related parties in developing these types of organizations to achieve high-quality service and to exhibit organizational excellence. Thus, the researcher, who is in the financial institution industry, would like to study the topic HR transformation and competitive advantage in Krungthai Bank as a case study, and will search for effective means that will benefit all related parties in generating sustainable prosperity.

1.2 Objective of the Study

1.2.1 To examine the context of HR transformation to create competitive advantage for Krungthai Bank.

1.2.2 To determine the key success factors that can influence HR transformation to create competitive advantage for Krungthai Bank.

1.2.3 To develop an effective model for HR transformation to create competitive advantage for Krungthai Bank.

1.3 Scope of the Research

The study of HR transformation and competitive advantage at Krungthai Bank employed a mix-methods research approach. The researcher has examined documents and reviewed relevant literature for the analysis, the synthesis of theoretical frameworks, and the formation of research hypotheses. Both quantitative and

qualitative research were employed to gather knowledge, facts, and discoveries that were capable of meeting the objectives of the research. The details are below:

1.3.1 Scope of the Content

1.3.1.1 Independent variables, which include

1) Organizational culture factors, which contain the following elements

- (1) Clan culture
- (2) Hierarchical culture
- (3) Adhocracy culture
- (4) Market culture

2) Service quality factor, which has the following elements

- (1) Tangibles
- (2) Reliability
- (3) Responsiveness
- (4) Assurance
- (5) Empathy

3) Human resource management and development factor, which has the following elements

- (1) Planning
- (2) Recruitment
- (3) Development
- (4) Retention

1.3.1.2 Mediator Variables

Competitive advantage factor, which has the following elements

- 1) Strategy
- 2) Structure
- 3) Systems
- 4) Style
- 5) Ultimate Goal

1.3.1.3 The dependent variables were HR transformation to create a competitive advantage for Krungthai Bank, which has the following elements:

- 1) Satisfaction of Service Users
- 2) Effectiveness of the Organization

1.3.2 Scope of the Population and Sample

The key informants for the qualitative research were 20 specialists that were at the management level of government institutions, Krungthai Bank, related associations and institutions, customers, and academics. The sample of the quantitative research was the personnel of Krungthai Bank's headquarters in Bangkok and the metropolitan areas. The sample size calculation was based on the formula in which the exact number of the population as unknown, which is suitable for this purpose. The confidence level was set at 95% and the standard error was 5% . The result was a sample size of 400 using convenience sampling (Boontham Kijpredaborisut, 2006, p. 112).

1.3.3 Scope of Time

The data collection for this research was between 1 May 2016 and 31 July 2016.

1.4 Definitions

ASEAN means Association of Southeast Asian Nations

Organizational Culture means a system of mutual assumptions, values, and beliefs that dictates the members' organizational behavior. It consists of 2 dimensions. organizational norms representing the organizational patterns of thoughts, beliefs, values, and ideals; and organizational behaviors, which determine how the organization will act, how its personnel interact, and the learning process, which is manifested in the behavior of individuals.

Service Quality comprises 1) tangibles, 2) reliability, 3) responsiveness, 4) assurance), and 5) Empathy. There should be a comparison between the service received and the service expected. The service should correspond to the needs of the consumers. The appraisal of the service quality should mainly depend on perceptions. The perception of a high-quality service will result in satisfied consumers, leading to repurchases and word-of-mouth or brand loyalty.

Human Resource Management and Development means the methods, processes, and strategies to develop the human resources with emphasis on equipping personnel with knowledge, understanding, and skills, which shall result in high-quality personnel with enhanced capabilities. This would lead to changes, improvements, and development of the effectiveness of Krungthai Bank in executing its strategies to reach its goals.

Competitive Advantage means improvement within the financial institutions to be competitive, to be able to survive, and to achieve sustainable growth in a rapidly-changing environment.

Customer' Satisfaction means satisfaction with the service quality and with the value of the service. It is the pleasure that the service users derive from receiving the service that meets their expectations or needs, or the satisfaction after experiencing the service. Various aspects of the service can lead to satisfaction, such as the satisfaction with excellent service that meets international standards, satisfaction with technological advances, or satisfaction with convenience.

Organizational Effectiveness means the ability of the organization to achieve its goals, which include both short-term goals or ends and long-term goals or means. Goals should be achieved with excellence that is above average, and conforms or responds to the needs of the organization's stakeholders.

1.5 Benefits of the Research

1.5.1 To become aware of the context of HR transformation to create a competitive advantage for Krungthai Bank

1.5.2 To become aware of the factors that influence HR transformation to create a competitive advantage for Krungthai Bank

1.5.3 To obtain the appropriate form of HR transformation to create a competitive advantage for Krungthai Bank

1.5.4 To increase the knowledge in the field for further application and investigation

1.5.5 To provide benefits for all related parties by making the HR Transformation to create a competitive advantage for organizations possible and create sustainable impacts on employees, organizations, society, and the country.

CHAPTER 2

LITERATURE REVIEW

This research entitled “ Human Resource Transformation and Competitive Advantage: a Case Study of Krungthai Bank,” is a study of the causal relationships among the various factors from the examination of documents to obtain the concepts, theories, and relevant research for the analysis, a synthesis of the framework, and the formation of the research hypotheses. The subsequent integration has generated knowledge and facts to meet the objectives of the research. The literature review has been conducted to cover the following issues:

- 2.1 Context of the financial institutions in Thailand
- 2.2 Organizational culture and organizational effectiveness
- 2.3 Service quality
- 2.4 The creation of competitive advantage
- 2.5 Human resource transformation and human resource management and development
- 2.6 Relevant research
- 2.7 Conceptual framework of the research
- 2.8 Hypotheses of the research

2.1 Context of the Financial Institutions in Thailand

Financial institutions are a type of organization that has a crucial role in the operations of businesses, i.e. they facilitate investments in various businesses, which affect the quality of life and the standard of living of a country’s population. Financial services rendered include receiving deposits, transferring funds, extending credit, exchanging currencies, and bill payments. Since each type of financial institution needs to compete to provide financial services, they devote resources to make their services superior to those of their competitors, such as by improving their technology

or making the atmosphere of the place of service more attractive. They employ methods such as total quality management (TQM) and compliance with international operational standards (Chutayaporn Samerjai, 2005, p. 26) to improve their service quality. Additionally, they expand their branches to provide geographical coverage worldwide (Surux Boonnak & Chawee Choikiatkul, 1998, p. 13).

Since serving customers is the key to differentiating a financial institution from peers and to capturing customers, improvement of service quality is paramount in order to become an organization with excellent service and to remain competitive (Benston & Kaufman, 1995, p. 13). Thus, Thai financial institutions are working on the improvement of the service quality in branches both in Bangkok and upcountry. They provide training for employees, renovate the locations, and improve the services to delight the customers (Chaisompol Chaoprasert, 2004, p. 81). Among all financial institutions that are financial intermediaries, commercial banks are the most important and the most active in influencing the nation's economy because they can provide credit, thus impacting the amount of liquidity. Commercial banks' operations and processes of obtaining deposits are indispensable in order to make the Thai economy grow sustainably.

2.1.1 Status and Competitiveness of Commercial Banks

The literal meaning of the word "Tha-na-karn" (Thai for "Banking") is a place to store assets. The more well-known and broader definition of the word would be a location that offers financial services to people. For instance, commercial banks are places where merchants and businessmen can conveniently, securely, and quickly manage their cash cycle, meeting their needs for loans, deposits, transfers, and guarantees (Rossi, 1999). Hence, banks are producers of services, comparable to other producers of goods, and they supply money. The definition of "commercial banks" from *The Wealth of Nations* by Adam Smith is the source of short-term loans that create capital, which reveals that long-term lending was not supported. However, this concept was widely accepted in the 19th century since, without central banks or deposit insurance institutions in existence, commercial banks managed their assets and liabilities so as to maximize their profits like any other businesses (Surux Boonnak & Chawee Choikiatkul, 1998, p. 17).

At the present, commercial banks have more extensive roles, i.e. they are not merely institutions for commerce or short-term loans. The assets of commercial banks are both short-term and long-term; commercial banks accept savings and fixed deposits provide many forms of credit, act as agents in trading securities for customers, and exchange foreign currencies (Tuya & Zamalloa, 1994, p. 16).

2.1.2 Structure of Thai Commercial Banks

The Bank of Thailand (2015) has categorized commercial banks according to business structures, operational characteristics, target customers, and marketing channels and strategy by operational characteristics.

1) Full-service Banks: Financial institutions that have adequate capabilities and capital to provide financial services for all groups of customers and to conduct nearly all types of financial transactions. Thus, they are required to hold relatively higher amounts of lower-tier capital. The minimum requirement is 5,000 million baht in tier 1 capital.

2) Retail Banks: Public limited companies that are permitted to operate as commercial banks. They are capable institutions, but have limited capital, so their main objective is to serve retail and SME customers. They have restrictions concerning foreign currency, derivative, and high-risk transactions. They are also subject to single lending limits. Thus, their minimum capital requirement is lower than that of full-service banks; they are required to have at least 250 million baht in tier 1 capital.

3) Subsidiaries of Foreign Banks: These are public limited companies that are permitted to operate as commercial banks with foreign commercial banks holding at least 95% ownership. They must also be registered as juristic in Thailand.

4) Full Branches of Foreign Banks: They are permitted to receive deposits and extend loans, and are subject to the same restrictions on transactions as those for Thai commercial banks. However, they are only allowed one branch each, and are prohibited from operating ATMs, which are considered branches. General services include endorsement and aval of bills, transfer of funds, international trade services, foreign currency trades, BIBF, collection on financial instruments, trading of securities, credit cards, storage of assets, and issuance of guarantees.

2.1.3 Marketing Activities of Thai Commercial Banks

The main channel for reaching the target customers is direct contact, especially with institutional customers. On the other hand, retail customers would contact the banks themselves to request services. At the present, the competition is intense; the aspect where the banks compete the most is the creation of a trustworthy image, especially among depositors and investors. Competing features also include the size of the operation, the duration of the operation, financial stability, and the comprehensiveness of the services, focusing on offering the most comprehensive services to customers (Chaisompol Chaoprasert, 2 004, p. 70) . Domestic and international services emphasize the convenience of services, as evident in the increase in the number of employees and the effectiveness of the services in responding quickly and creating a good impression, the expansion and improvement of locations to promote cleanliness, convenience and space, and the increase in the number of branches (Yuphawan Wanvanich, 2010, p. 85).

2.1.4 Creation of Competitive Advantage for Thai Financial Institutions in the ASEAN Economic Community

Similar to the EU, the AEC will have an influential role and bargaining power in the global economy with a market of 600 million in population, and a value of cross-border trade of 1.5 trillion USD. It is the second best in the world in attracting FDI. However, the actual results in 2015 might not meet expectations immediately due to factors such as the establishment of international organizations that have the power to decide on behalf of member states through intergovernmental methods and where each government has equal power and sovereignty is maintained. This delays the decision-making process. The AEC is more than the liberalization and agreement to reduce tariffs; for instance, regulations must also be harmonized. Fully utilizing the core competency of Thai financial institutions will be the key weapon in reaping the most benefits from the single market and production base. The AEC will facilitate Thai financial institutions in reaching a critical mass of consumers in the region in order to gain as much market share as possible and to build a competitive advantage before progressing to larger integration, such as ASEAN+ 3, which will result in fiercer competition.

Nonetheless, the achievement of 100% AEC integration requires 4 pillars: 1) a single market and production base, 2) a highly competitive economic region, 3) a region of equitable economic development, and 4) a region fully integrated into the global economy.

It can be concluded that through the past two decades, many ASEAN countries have increased their financial liberalization, both multilaterally and bilaterally, because this is a key to the economy in acting as an intermediary in raising and channeling deposits within the country and abroad to various investments. In Thailand, there are approximately 300,000 people working in the finance sector and the value of this sector has grown consistently. Cross-border financial services have expanded rapidly and now play a larger role in the economy and the financial system. Thus, the most important policy issue in financial liberalization is the establishment of a proper time frame and preparation to receive the benefits, and prioritizing the stability of the financial system and benefits to the service users. Effective financial management will facilitate inclusive growth and transform the financial institutions. In order to have a policy of financial liberalization, the Bank of Thailand, as the supervisor, needs to revolutionize Thai financial institutions by relaxing the following significant financial restrictions and standards:

- 1) Gradually eliminate interest rate ceilings to enable the financial institutions to adjust to market mechanisms freely without official intervention
- 2) In relation to foreign exchange, the Bank of Thailand should allow commercial banks to have authority in all cases, including permitting the opening of foreign currency deposit accounts and increasing the account limit on the amount of the Thai baht that can be sent overseas.
- 3) Broaden the scope of business for Thai financial institutions and allow them to operate in a wider range of activities, which will increase their competitiveness in managing financial resources effectively
- 4) Ease restrictions to increase the flexibility and effectiveness of financial institutions in adjusting their financial positions
- 5) Improve the supervision and inspection of financial institutions to promote stability, compliance with international standards, and capability to compete with ASEAN countries

6) Improve e-payment systems to increase effectiveness, speed, and accuracy, and to lower costs: this encompasses the BAHTNET system and online electronic transfers, etc.

2.2 Organizational Culture and Organizational Effectiveness

2.2.1 Organization Culture

Human resources are the most important factors for achieving the outcomes of organizational management, since the most effective operational results and achievement of objectives depend on human resources (Argyris, 1990, p. 183). In the process of recruiting and selecting personnel, most organizations tend to evaluate abilities, skills, or knowledge without considering the delicate and complex aspect of individuality. Thus, most organizations overlook the factor that is more important than abilities, which is the “best fit” between the organizations and the individual, leading to persistent and growing conflicts between the two. Since most organizations are secure within a large hierarchical structure, organizational management focuses on organizational efficiency through control and command influenced by hierarchy and scientific methods (Ulrich & Brockbank, 2005, p. 124) . However, advances in information technology have replaced the existing scheme of hierarchical and industrial systems, and have caused rapid changes in the work environment.

Argyris (1990) has observed that organizational objectives tend to conflict with personal objectives, and tend to dominate personal needs. This applies to all organizations, whether they be in the public sector, which serves the public, or the private sector, which seeks profits, as well as to organizations in civil society that operate in accordance with their own philosophy and ideology. Meanwhile, Handy (1990) insisted that individuals in organizations all have diverse needs, and individuals work to fulfill those needs. A significant question for organizational theorists and managers of all periods is: why do people in organizations behave that way? Understanding the behaviors of organizational members remains a critical condition for managers to discover the reasons for the antagonistic behaviors of individuals in the organizations and to find appropriate solutions.

Each organization would like to select capable individuals with characteristics that are likely to result in the success of the organization. On the other hand, each individual would like to work with an organization that has agreeable management and a work environment that meet their needs and their search for meaning in work (Certo, 2000, p.153). Thus, while the organizations desire individuals that are most suitable to them, individuals also seek organizations that fit them, because in reality, there is no best worker or best organization in the same way that there is no best practice or best management. There is only a balance in the relationships between the two parties, which is “the best fit,” or the agreement between the norms and behaviors of individuals and those of the organizations (Vroom, Porter, & Lawter, 2005).

“The best fit” is the agreement between the demands of the organizations and the desires of the individuals, which will lead to a high level of motivation of individuals, mutual satisfaction, and mutual success. In contrast, disagreements and a mismatch between organizations and individuals lead to discomfort, pressure, and mutual failure (Bae & Layler, 2000, p. 508) . When individuals need to work in organizations that have values contradictory to theirs, it leads to stress and lack of motivation; there is no desirable reward waiting for them, and the individuals will feel pressured regardless of the position or amount of compensation from that work. Alternatively, if individuals have to work in places that erode their determination, or work in an unethical organizational culture, they will feel unfulfilled. Without “the best fit” between the organizations and members, the chances of success for both parties lessen. However, if this factor exists, the chances of success will skyrocket. The selection of individuals that match the organizations will result in more effective work outcomes that meet the needs of the organizations. Individuals will feel happy with their work, and will stay with the organizations for a long time because of their work satisfaction. They will be more willing to attach themselves with the organizations (Saks, 2004, p. 206).

When a manager that is responsible for selecting personnel for his or her organization, he or she is actually referring to whether the candidate is appropriate for the organizational culture (Hardy & Taylor, 2005, p. 148). The manager is investigating the “cultural fit” of the candidate. Although the cultures of individuals are difficult to ascertain or observe because they are similar to personality, the

manager will rely on the evaluation of the personal characteristics, values, beliefs, and desires of the candidates. Currently, human resource management theorists consider suitable cultures to be an important factor in deciding to select, hire, or terminate personnel (Combs, Liu, Hall, & Ketchen, 2006, p. 506). Even though culture may be a soft criterion and highly subjective, as viewed by outsiders, the managers of successful organizations know the customs and routines of their organizations, and their responsibility is to maintain and develop organizational culture in accordance with these primary shared values and customs, placing importance on the recruitment and selection of personnel with a cultural fit.

The sources of organizational culture can be categorized into two main factors. First is the internal factor or the environment of the organization, which comprises the leader and personnel of the organizations. The leader or manager initiates or specifies the organizational culture to become standards for the personnel to practice, but if the personnel cannot solve the problems or achieve organizational goals by doing so, they will create new behavioral norms and organizational cultures. The second is the external factor or environment outside the organization, such as customers, competitors, government, technology, social characteristics, and economic conditions. The external environment has a large influence on the organizational culture because organizations face a more competitive landscape and would like to have a competitive advantage amidst constantly-changing economic conditions. In order to survive, organizations need to execute a marketing strategy that provides speed to market, creates innovative products, is cost-effective, and adapts quickly. Thus, the organizational culture needs to be compatible with these changes and fit for the aforementioned factors (Brockbank & Ulrich, 2005).

The organizational culture, which is established as a guideline for everyone to follow in the organization, is manifested in behaviors that respond to the rapidly-changing environment of organizations in order for the organization to survive or succeed. An organization's culture can be concrete, which can be clearly observed, or abstract, which is hidden and is expressed as subconscious behaviors. Additionally, the organizational culture can be passed on to the next generation. They are stable but can be altered (Carter, Ulrich, & Goldsmith, 2005). Thus, organizational culture and the lives of individuals are related significantly and cannot be completely

distinguished from each other. Different groups of people have distinct lifestyles, distinct processes for assigning values to things, and shared sentiments within groups. Organizational culture arises from the values, behaviors, beliefs, and norms that permeate groups or members of the organization and that are expressed in the words and behaviors of each member of the organization. Organizational culture reveals the organizational life, which comprises the element of the organization and the element of the individuals that are the workers, and creates routines and customs specific to the organizations, illustrating views and values that are factors that have significance and a permanent influence on the members of the organization (Denhardt & Denhardt, 2003). For this reason, the relationship between organizational culture and appropriate management is a necessary matter to consider further in terms of organizational management (Campbell, 2006).

Thus, the relationship between organizational culture and individual culture is a factor that results in the effectiveness of the organization since it is the best equilibrium of the organization and individuals, and the most appropriate for management. Just matching the person to the job might not be adequate to satisfy appropriate management nowadays because it values the jobs over the individuals. For this reason, organizations have to select personnel with a cultural fit by relying on the understanding and consideration of complex and subtle aspects of the personnel as individuals (Ashkenas, 1995, p. 32). On the other hand, individuals can fulfill their new needs, leading to job satisfaction and fulfillment of meaning in their life in the workplace when they work in organizations that have an organizational culture that matches their own culture. The consequence is that both the organization and the individuals will be able to achieve their expectations, desires, and objectives together well.

Handy (1990, p. 106) created the theory of cultural propriety, which is an organizational management concept that relies on the cultural fit between the organization and individuals. Each nation's culture is distinct and suits its population. Similarly, the organizational cultures of different organizations differ and suit their members. An organizational culture that suits the values and attitudes of individuals motivates individuals to have good attitudes, pleasure, and satisfaction with the work, enabling them to find meaning in the workplace (Bratton, & Gord, 2006, p. 22). Each

culture will thrive under circumstances where the organization's management, work management, and human resource management are appropriate. However, if the culture is unsuitable or the individuals are placed in the wrong culture, conflicts will result. Different cultures require and suit different types of work. Each organization would like to have individuals that suit its customs. Managers need to realize that each culture is good and appropriate in certain matters. Managers can adjust cultures or combine customs and methods to manage various individuals or situations. No culture is wrong or inherently bad, but it might not be suitable to the situation of the organization.

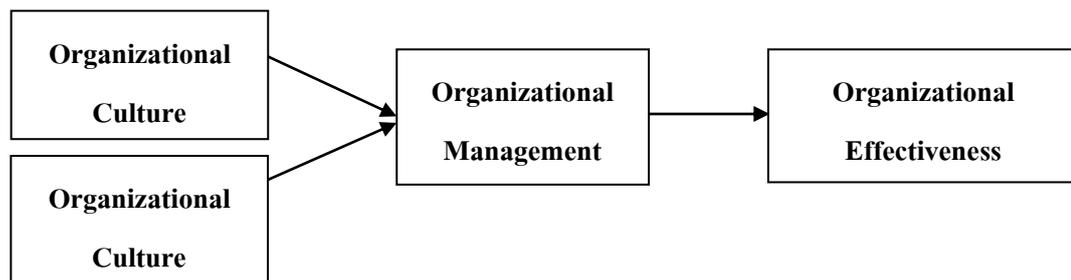


Figure 2.1 Concept of Organizational Management by Using Appropriate Culture
Source: Handy, 1990.

Handy (1990, pp. 114-116) explained that organizational management in the present is an issue that relates to many individuals that have different needs and priorities. Organizations' managers are required to understand the differences between individuals that have more aspects and complexity than before. They must also acknowledge the dignity of workers as individuals because human beings come to work to fulfill their needs, searching for new satisfaction in the job and seeking meaning in their life in the workplace. The identity of human beings is more than the economic dimension (Caldwell, 2001, p. 43). In addition, there is the issue of the contradiction between the individuals and the organization, which can disturb the management activities and general events in the organization. The attempt to reduce the conflicts between individuals and the organization has led academics suggesting many methods and theories, such as the concept of human relations movement, which calls for the acknowledgement of the value and humanity of workers and emphasizes greater development of individuals.

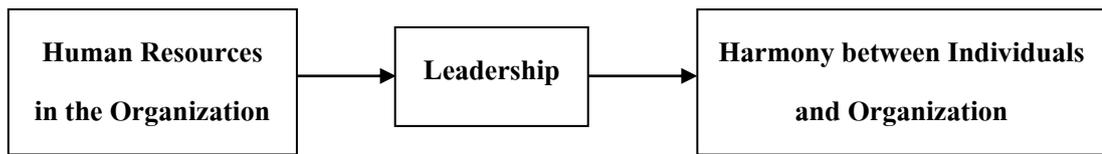


Figure 2.2 Leadership and Organizational Management

Source: Handy, 1990.

Hall (2008, p. 114) defined the organizational culture as the collection of values, beliefs, hypotheses, meanings, and expectations that organizational members or subgroups share, and the aforementioned collection has been utilized as the criteria for establishing work behavior and solutions to problems. This agrees with Robbins (2009, p. 38), who suggests that organizational culture is a controlling mechanism for the organization by unofficially approving or prohibiting the behaviors of the organizational members. The organizational culture results in normative contexts. Thus, organizational culture is every system that creates mutual understanding in terms of the codes of conduct and work processes of that organization, and can be considered the personality of the organization.

Additionally, organizational personality is related to other variables such as organizational structure or the production system of organizations. For instance, a flat organizational structure allows organizational members to communicate with everyone, and distributes the decision-making power in the organization to help organizations control the environmental factor.

Rothwell (2005, p. 21) suggested a significant concept—that organizations are business societies that are competitive by nature. An organizational culture, thus, directly relates to organizational success if managers establish cultural roles for the individuals in the organization properly. Organizational managers need to depend on various strategies to make decisions in promoting the organization's identity and need to adapt the organizational culture plan to changes.

Lawler, Edward, Ulrich, Fitz-enz, Madden, and Maruca (2004, p. 17) stated that a suitable work environment in the organization depends on values, interests, and beliefs, which means that both the organization and individuals need to evaluate the agreement of those factors for both parties to determine the degree of suitability. The

discovery of a suitable culture is a key factor in making the organization healthy in the long term.

Saks (2004, p. 13) discussed the selection of personnel that fit the organization, which results in more effective work outcomes and long-term employment. This is because the personnel are highly satisfied with the work, and are more willing to become attached with the organizations. The managers of successful organizations know the routines of their organizations and their operational procedures.

Carter, Goldsmith, Bolt, and Smallwood (2003, p. 86) stated that cultural fit is an important factor that organizations nowadays use to select and hire personnel for their organizations, as well as to terminate organizational members that have patterns that conflict with the organization. Organizational culture is, thus, an important factor with a long-lasting impact on the organizational members.

In summary, organizational culture means a system of mutual assumptions, values, and beliefs that dictates the members' organizational behavior. It consists of 2 dimensions. Organizational norms represent the organizational patterns of thoughts, beliefs, values, and ideals, while organizational behaviors determine how the organization will act, how its personnel interact, and the learning process, which is manifested in the behaviors of individuals.

2.2.2 Concepts of Organizational Effectiveness

Organizational effectiveness means the organization's achievement of its established goals (Robbins, 2009, p. 49). However, this meaning still lacks clarity when used in practice. There are many questions, such as: whose goals? Are those goals short-term or long-term? Are they the organization's official goals or actual goals? Consequently, academics have provided a clearer definition of organizational effectiveness by stating that the goal of the organization is success or survival (Campbell, 2006, pp. 36-39).

Daft (2002, p. 119) stated that establishing organizational effectiveness depends on the variables used in the study and efficiency as the indicator of the success of organizations, such as productivity, financial ratios, error rates, or customer loyalty. Additionally, organizational effectiveness depends on the evolution of the

management concepts. Organizational effectiveness focuses more on specialization, formalization, standardized, and centralization. In the era in which organizations value the external environment, especially stakeholders that have an impact on the operations of organizations, organizational effectiveness thus places importance on the needs and expectations of the stakeholders, as well as on the results, organizational adaptation, and goals that agree with the needs and expectations of stakeholders. As organizational effectiveness has become more heterogeneous, as has been mentioned, Dessler (2003, p. 130) presented concepts or methods for appraising organizational effectiveness as follows.

1) The Goal Attainment Approach: an organization's effectiveness is measured in terms of ends rather than means, such as achieving the highest profits. The following are some of the criteria for goal achievement. 1) The organization should establish meaningful goals; 2) the goals are identifiable and well defined; 3) the goals are manageable; 4) there is a general consensus or agreement on the goals; 5) the goals are measurable.

2) The Systems Approach: in addition to placing importance on the end goal, an organization can focus on the more complex criteria of ends and means for achieving its ends. The assumption is that the organization contains interrelated subsystems. If any of these sub-systems performs poorly, it will affect the performance of the whole system (Evans, Pucik, & Barsoux, 2002, p. 187). Therefore, efficiency requires attention to and good relations with the environmental factors of the organization to ensure steady operations. Efficient organizations can maintain good relations with the external environment. Additionally, the organization has a dependent relationship with its subsystems. If one of the subsystems performs inadequately, it will affect other subsystems. Because this approach emphasizes means more than ends, it may be neither feasible to identify quantifiable measures, nor possible to develop valid or reliable measures of the organization's effectiveness. Thus, managers should not measure results immediately—they need to consider long-term results, and keep in mind that operations depend on various factors. If one of the factors is flawed, it can affect the whole organization.

3) The Strategic Constituencies Approach: organizations receive pressure and requests from various interest groups in their environment, some of

which are important to the organization and critical to its survival. An efficient organization needs to evaluate which constituencies are strategic to the organization and win their favor so that they will not obstruct its operations. Goals should be set to agree with the needs of the constituencies that control the resources that are necessary for the survival of the organization. Effectiveness is judged by the degree to which the needs and expectations of the strategic constituencies are fulfilled by the organization (Farndale, Paauwe, & Hoeksema, 2009, p. 549).

4) The Competing Values Approach: the concept of evaluating effectiveness through the integration of the criteria valued by the organization, such as return on investment, market share, new product development, and work stability, depending on the interests or values of the organization (Gelade & Ivery, 2003, p. 392). Additionally, stakeholders (shareholders, unions, suppliers, customers, and the government) would evaluate organizational effectiveness differently. This approach assumes that there is “no single best” criterion that can be used in assessing organizational effectiveness in every single situation. The criteria used depend on the values or interests of the evaluators. The competing values approach comprises 1) coupling two incompatible dimensions of the organization’s structure together, which are flexibility and controlled; 2) focusing on the organization’s members’ well-being and development; and 3) valuing means and ends. The former values the internal process and long-term goals. In terms of the aforementioned three sets of competing values, the evaluation of organizational effectiveness can be categorized according to 4 models as follows (Griffin, Finney, Hennessy, & Boury, 2009, pp. 152-155):

(1) The Human Relations Model values flexible personnel and organizational structure. Effectiveness is evaluated according to harmony, collaboration, unity, mutual respect and trust in achieving outcomes, i.e. the personnel have skills to perform, receive training to increase their skills, and perform the work well.

(2) The Open Systems Model measures effectiveness according to a flexible work process that leads to accessing the critical resources of the organization. This model can be adjusted as needed and adapted to the external environment. It increases external support and can accommodate the growth of the workforce.

(3) The Internal-Process Model values control, the information system, and communication. Effectiveness is measured according to processes and results, that is, security, stability, and compliance.

(4) The Rational-Goal Model values structural control and the organization more than the personnel. Effectiveness is evaluated according to planning, goal-setting, and comprehensive understanding. Goals are evaluated according to higher production and effectiveness.

It can be concluded that organizational effectiveness is the ability of the organization to achieve its goals, both long-term and short-term ones. Goals should be achieved with excellence, above average, and conform or respond to the needs of the organization's stakeholders. Thus, measurement or evaluation should be done in many areas, both in financial terms and in other terms besides financial ones, such as in terms of the satisfaction of stakeholders.

2.2.3 Relationship between Organizational Culture and Organizational Effectiveness

The meaning of organizational culture reveals its influence on the personnel and work process of the organization. Particularly, a strong organizational culture can control organizational behavior, making the personnel think and behave in the same way as the organization (Greenberg & Baron, 2003, p. 526). These behaviors of personnel have an effect on the organization according to the concept of "the behavioral perspective." Wright, McMahan, Snell, and Gerhart (2001) claimed that the behaviors of personnel are an important medium that leads to results. Organizations engage in various employment practices to control and create desired attitudes and behaviors since attitudes and behaviors have an impact on creating a competitive advantage for organizations (West & Dawson, 2012, p. 34). Thus, organizations establish an organizational culture as a guideline for personnel and to provide feedback. Positive feedback includes approval, praise, and accolades, whereas negative ones include reprimands and exclusion. This will make personnel behave as desired consistently, and refrain from undesirable behaviors. Thus, organizations must take advantage of and control the attitudes and behaviors of personnel through their organizational culture, as the behaviors of personnel influence

the organization's effectiveness.

Peter and Waterman (1982) proposed in "In Search of Excellence" the relationship between organizational culture and organizational effectiveness. This came from the observations of 62 successful organizations, summarizing 8 important types of organizational cultures that influence success:

1) A Bias for Action: making quick decisions in solving problems or obstacles. The managers learn about the problems of personnel through walking around and through an open door policy, communicating through various channels.

2) Closeness to the Customer: learning from customers is a critical factor for the success of organizations. Customer satisfaction is a significant value for organizations, providing incentives for service excellence, high-quality products and services, and credibility. Organizations are concerned about the external environment, establish customer loyalty as a strategy to generate long-term profits through high-quality service and trust from customers, and find marketing channels for offering products and services.

3) Autonomy and Entrepreneurship: excellent organizations encourage the innovativeness of their personnel by developing structures that promote creativity, change, and innovation.

4) Productivity through People: the organization perceives personnel as a valuable resource because they can increase the productivity of the organization. Organizations respect individuals, allow them to express their abilities, treat them as mature individuals, manage with a flexible chain of command, and create a common language.

5) Hands-On, Value-Driven: managers of excellent organizations must establish clear values of the organization and communicate to the lowest-level employees so that they understand the values and policies clearly.

6) Stick to the Knitting: excellent organizations stay with the jobs that they are excellent at, are knowledgeable about, or are in their area of specialization. They do not engage in too many types of jobs.

7) Simple Form, Lean Staff: simple structure with few positions is important to the success of the organization. Even when the organization grows larger, the chain of command should not have more levels. Personnel are frequently

rotated.

8) Simultaneous Loose-Tight Properties: Excellent organizations must have both autonomy, or a loose control, and centralized control.

Guest (2002, p. 340) has stated that corporate culture and organizational effectiveness is a relationship in the form of operational performance. Many studies have found that strong corporate culture leads to better financial performance. For instance, Greenberg and Barton (2003, pp. 256-258) discovered that when top management created a different organizational culture so that personnel would have values such as honesty, accountability, trust, placing importance on customers, organizational ties, enjoyment, innovativeness, speed, and teamwork—sales increased, while turnover decreased and merging with other companies became easier.

A number of research projects have revealed that organizational culture relates to organizational effectiveness, especially in terms of financial performance, because it has an influence on the behaviors of personnel and work performance, which impact organizational outcomes. This success is accommodated by organizational culture. Nevertheless, for organizational culture to have an impact on performance, it must be strong (Kreitner & Kinicki, 2004, p. 91), which will establish the goals of the organization, motivate personnel, define structures, and control systems to improve work performance, for example by increasing sales, reducing costs, and raising profits. In addition to being strong, an organization's culture must fit with the business and context of the organization, and the culture must be adaptive to the changing environment.

In conclusion, organizational culture is a critical factor that leads to organizational effectiveness because it is a mechanism that impacts the work behaviors of personnel, which is a channel that leads to organizational performance. However, the organizational culture that has an impact on work performance must be strong, which is a system of shared values and beliefs that are accepted and adhered to by the majority of personnel.

2.2.4 Attributes of Organizational Culture that Leads to Organizational Effectiveness

As mentioned, the researcher has established the dimensions or attributes of

organizational culture to be used, which can be summarized into 4 types.

1) Clan culture (Argyris, 1992), also known as family-like organizational culture (Trompenaars & Hampden-Turner, 2004), or as club culture or Zeus culture (Handy, 1998), is a culture that values the person more than the task. The organization is like a large family. The role of the leader or the manager is similar to that of a father or a mother, giving advice, offering help, supporting, and accommodating subordinates. Power and authority are vested in a few individuals. Personnel work with respect to and in accordance with customs. At the same time, the level of cohesion is high. Long-term profits, human resource management and development, the creation of harmony, and the use of ethics are valued. Organizational success is evaluated from the concern for customers and stakeholders. Work is done in a hierarchy. Tasks are divided into units, where the production of products is clearly separated. The assignment of duties is centralized. Teamwork participation and consensus are emphasized.

Organizational culture is distinguished by relationships. Dessler (2003) has suggested that a culture is focused on relationships, which can be perceived from seeing, listening, and the sentiment of personnel. These include attributes or organizational artifacts such as language, technology, architecture, and observable rituals. This organizational culture can be expressed easily but is difficult to understand. Personnel may be find ambiguity and not fully understand the meaning of this type of culture, which has a slightly hierarchical process, has difficulty in adapting to the external environment, and not much creativity.

2) Hierarchical culture (Ulrich, Brockbank, Younger, & Ulrich, 2012), also known as Eiffel Tower organizational culture, or as role culture or Apollo culture (Handy, 1990), originated from the concept of Weber and the concepts of Taylor and Ford. The structure of the organization has many levels, the work process has many steps, formality is high, and there are many rules. Work is routine so that mistakes can be prevented. Operations are clearly controlled. Basic assumptions are portrayed in the behaviors and actions of individuals in response to circumstances and problems. The reactions are unconscious, reflecting the beliefs, thoughts, and feelings of individuals towards things.

Drucker (2007) proposed that efficient coordinators and organizers attempt to make operations smooth in every situation, and establish rules and policies formally. Tasks are divided formally according to specialization. Stability and efficient operation results are valued, which means that work is completed on time and established goals are achieved efficiently. Success is measured according to compliance with rules and low costs. Personnel are viewed as factors in the organization. The culture strives for employment stability and predictability of behaviors. Personnel work in accordance with job descriptions. Duties are assigned according to the chain of command. Importance is placed on orders, and control comes from positions and organizational status.

3) Adhocracy culture (Hardy & Taylor, 2005), also known as Athens culture or task culture (Handy, 1990), values constant changes and adaptations. It is entrepreneurial and innovative. Leaders of organizations are risk-takers and they value innovation. Personnel are bonded through experiments and producing new things for the organizations, as well as through solving problems to accomplish missions. The culture values being leading-edge, having long-term growth and discovery of new resources. Organizational success stems from unity, new products and services, and accurate problem-solving. Organizations desire to be pioneers in the products and services, stimulating personnel to be initiative and to have freedom in introducing new things that are beneficial to the organizations. There is continuous learning.

4) Market culture (Mello, 2006) supports the idea that personnel can achieve their goals and help organizations achieve their goals. It values outcomes from work. Personnel compete to achieve goals or to succeed, with leaders as drivers or producers and competitors at the same time. Success is desired, and the emphasis on winning, reputation, and success keeps the organization together. Operational results value competition and achievement of measurable goals in the form of gaining market shares, finding new markets, and having market or price leadership. This could be considered sales-orientation. Competition is encouraged, and rewards are given when the work is accomplished. However, quantity is more important than quality. Porter (2005) also suggested that authority is granted formally in a democratic way. Tasks are assigned according to the capabilities of the personnel.

Organizational relationships are in accordance with rational considerations, which means that achievement and effectiveness are valued more than authority, the process, or the individuals. Problems are to be solved successfully. Although this type of culture places importance on the work, it has flexibility and dynamism, adapting to changes well. Knowledgeable and specialized personnel would have power and autonomy. Personnel are attached to work. This culture employs management according to objectives and pay for performance.

Many studies have examined the aforementioned 4 classifications of culture in terms of their relations with organizational effectiveness. It was discovered that each has a different relationship with organizational effectiveness, depending on the attributes and context of the organizations under study. However, it cannot be concluded which culture has the most impact on organizational effectiveness.

Krungthai Bank currently emphasizes an innovative organizational culture, since the organization needs to adapt to survive in a rapidly-changing environment, and to have a competitive advantage through innovative products and work processes to differentiate itself and to reduce costs. Personnel are encouraged to think, act, initiate new things, and exchange knowledge and ideas. A strong culture is internalized by the personnel so that they will create new things. The organization generates a creative atmosphere, thought processes, and work methods. It is a service-oriented organizational culture, aiming to provide good-quality service for customers and cultivating service-mindedness on the part of the personnel. Service values are built and maintained among all personnel because they must have customers that they should prioritize, which includes both internal and external customers.

Thus, in order to study the organizational culture of Krungthai Bank in order to lead to organizational effectiveness, the researcher will use 4 types of organization culture. Because Krungthai Bank is the only commercial bank that is a state enterprise, there are various cultures within this organization. It has the hierarchical structure of a state enterprise but has to face the competition of a commercial bank. It is owned by more than 50% by the Ministry of Finance and also still registers as a public company on the Stock Exchange of Thailand, and so has to respond to various shareholders and stakeholders.

2.3 Service Quality

2.3.1 Meaning of Service

Many academics have provided definitions of service as follows:

Kotler (2003, p. 75) defines service as any activity of benefit that one party can offer to another that is fundamentally intangible and entails ownership. Its production may or may not be associated with a physical product.

Naumann and Giel (1995) have concluded that service means an activity or process of an individual or an organization to meet the needs of other individuals or to create satisfaction from that action.

Oliver (1997, p. 106) has given a definition that service is abstract and intangible, but it has the ability to create satisfaction from responding to the needs of consumers or service users in the business market.

Chutayaporn Samerjai (2005) has defined service as an activity, benefit, or satisfaction that is offered for sale in conjunction with the sale of a product. From this definition, it can be explained that service can be classified according to 2 types, which are as follows:

1) Service is an activity, benefit, or satisfaction that the seller produces as a type of product to meet the needs of consumers, such as a massage to relax muscles, health check-ups and treatment, arrangement of various forms of accommodations, provision of knowledge and skills development in various educational institutions, consultancy for the servicing of business, or provision of various forms of entertainment.

2) Complementary service is an activity, benefit, or satisfaction that the seller produces to complement products to make a sale and to make the use of products more effective, such as the installment of a washing machine after the sale, the inspection of air conditioners, usage recommendations and advice for effective use of printers, or training on the use of production machines for industrial customers.

2.3.2 Meaning of Service Quality

The definitions of service quality are as follows:

Chaisompol Chaoprasert (2004) has defined service quality as excellent service meeting or exceeding the needs of customers, creating customer satisfaction and customer loyalty.

According to Chutayaporn Samerjai (2005), service quality depends on many factors, the majority of which depend on the capabilities of the employees. If the employees are mentally or physically incapable, it will affect service quality.

Weerawat Kijlertpiroj (2009) has defined service quality as anything that makes customers feel satisfied and that makes them talk about consistently whenever they use the product or service that is excellent in every aspect in accordance with the requirements, standards, and needs of customers.

Chaniotakis (2009) has defined services as a beneficial or satisfactory activity that responds to the needs of customers. Service is the process of working for others. Thus, service providers should have attributes that enable them to accommodate and work for others effectively.

Cronin, Brady, and Hult (2000) stated that service is a comprehensive concept in the creation of satisfaction for customers that request and receive the service. It encompasses all employees, who must be eager/enthusiastic, ready, and quick in responding to the needs of customers at any time.

Hawkins and Mothersbaugh (2010) indicated that service means the creation of value in all ways so that customers are impressed and received value from the service. It also means attention and sincerity to customers, impressing all levels of customers through empathy, which is a component of the sale. The customer reception area should be clean and tidy. Employees should welcome customers pleasantly with a smile.

From examining the definitions of service quality, the researcher can make an overall conclusion that service quality means the provision of good service that satisfies the recipient or the user in terms of the standards of the products and services. The result is a good outcome that meets or exceeds the needs of the recipient or the user and the absence of defects, which causes customer satisfaction and customer loyalty to the service provider. Alternatively, it is the performance of an activity or process by one individual to respond to the needs of other individuals. It is a contemporary business concept that is very significant for Thai financial institutions

to pay particular attention to. Standards from research that have been widely accepted belong to the research of Parasuraman, Zeithaml, and Berry (1985, pp. 41-50), which found that there were 5 factors that determine service quality:

- 1) Tangibles
- 2) Reliability
- 3) Responsiveness
- 4) Assurance
- 5) Empathy

2.3.3 Determinants of Service Quality

Siriwan Serirat et al. (1998) proposed that service quality has the following determinants

1) Access: service provided to customers should be convenient in terms of time, location of service, and the receipt of service so that customers do not have to waste time waiting. The location should be easy to access, with organized service counters. The service can be received easily, without complex steps. Operation hours are suitable. Parking areas are spacious, convenient, and adequate for the number of service users.

2) Communication: information is provided to customers in a language that is simple to understand. The explanations are accurate and clear. Employees use polite words. They are courteous towards the service users, and listen to their opinions, suggestions, and criticisms on various issues about the service. Information in documents is clear and easy to understand. Steps of the service are displayed. Queue tickets are clear and easy to notice. Announcements should be made in a polite tone that can be heard adequately. Documents and pamphlets for disseminating news should be pleasing and should contain accurate, simple, and appropriate explanations.

3) Competence: service providers must have knowledge, abilities, and expertise in performing their work accurately and quickly. They must be able to use service instruments proficiently, and provide explanations and responses to inquiries or problems satisfactorily. They must be able to improvise and deal with unexpected circumstances well in order for the service operations to continue smoothly.

4) Courtesy: personnel should have good people skills. They must be pleasant, approachable, polite, and respectful towards customers by being attentive

and enthusiastic in providing the service. They must be critical and exercise good judgment in investigating the problems thoroughly before providing good recommendations. They must assist customers wholeheartedly all the time. They must be willing to listen to opinions and be able to contain their emotions.

5) **Credibility:** personnel should have a good appearance and manners. They should dress neatly, appropriate to the role and place. They should be honest, patient, and responsible. They should provide the service at the same standards. They should have in-depth and well-rounded knowledge about all the types of services of the company. They should believe that the best service is offered to the customers, and that the service equipment and tools are up to date, performed correctly, and are in adequate quantity. They should regularly test the accuracy of the equipment and tools.

6) **Reliability:** the service provided to customers should be consistent and performance in accordance with the contract should be assured and accurate all the time. Employees should keep information about the customers confidential.

7) **Responsiveness:** personnel should provide the service willingly and immediately. They should be interested, attentive, and active in investigating and solving service issues. Problem-solving should be immediate in accordance with the needs of the customers. The number of personnel should be adequate for the workload. All counters should be available to speed up the service. Cutting-edge queue systems should be used. There should be enough seats for customers waiting to be served. When problems arise, employees can be contacted promptly.

8) **Security:** service provided to customers should be free from hazards, risks, problems, and ambiguities. Convenience and security should be provided at all times in the location of the service and in the parking areas. Employees should perform their duties with integrity without making demands of fees or expenses. Measures and systems to collect information about customers should be up to date, standard, and secure.

9) **Understanding Customer:** Personnel should understand the needs of customers, and be attentive. Employees that provide the service should take into account the time constraints of customers. Employees should not talk among themselves or take phone calls during work because it will cause delays. There should

be various alternatives for receiving a service, and surveys of the needs of customers to make continuous improvements in the service.

2.3.4 Principles of Good Service

Parasuraman, Zeithaml, and Berry (1985) claimed that good service partly depends on access to the service. They suggested the following concepts concerning such access:

- 1) Availability means that the service available is adequate to meet the needs for the service.
- 2) Accessibility: the ability to access the location of the service conveniently
- 3) Accommodation: location of the service that the service users accept as convenient
- 4) Affordability: the ability of service users to pay for the services
- 5) Acceptability: this includes the acceptability of the characteristics of the service provider

Smit Satchukorn (2003) suggested that good service principles must conform to the needs of the recipients. In providing the service, consideration must be mainly given to them. Their needs must be used as the determinants of the service, comprising the following:

- 1) Satisfy the service recipients. Quality refers to the satisfaction of the customers as the main principle. Thus, service must be aimed at satisfying the service recipients, which is an important principle in evaluating the service. However, the quality of the service can only be measured by customer satisfaction.
- 2) Perform accurately and completely the services that respond to the needs of and create satisfaction for the service recipients. The most evident is the performance that must be inspected for accuracy and completeness since if flaws exist, it will be difficult to satisfy customers.
- 3) Suit the circumstances. Providing quick services and delivering the products or services on time are important. Delays do not conform with the time constraints of the customers and the need to respond promptly before deadlines.

According to the study of the attributes of service quality, it can be concluded that good service principles are very important for the performance of services. The main consideration should be given to the service recipients. The needs of the customers should be used as determinants for the service in order to create satisfaction, which comprises reliability, responsiveness, ability, accessibility, courtesy, communication, integrity, stability, understanding, and tangibles. The performance of services should adhere to principles to create maximum customer satisfaction, and should be accurate, complete, and suitable to the circumstances without causing harm to other parties. If the service providers adhere to the suggested principles, it will enhance the service quality.

2.3.5 Expectations of Service Quality in Thai Financial Institutions

Parasuraman, Zeithaml, and Berry (1985) proposed that the needs of customers in estimating or predicting service quality can be measured in terms of 5 components.

1) Tangibles means the attributes of the Thai financial institutions that customers can see as offering convenience, such as having adequate facilities, being easy to find, employees that possess knowledge and ability to make recommendations and clarifications on the details of the service, and having an information technology system to accommodate purchases.

2) Reliability means the ability of Thai financial institutions to provide the services as promised to the customers accurately within a reasonable time. The services are appropriate all the time and the results must be consistent at every service point to be reliable to customers.

3) Responsiveness means the readiness and willingness of all employees to provide the service. They have to have the ability to respond to the needs of customers promptly. The service can be received easily and conveniently, and the service is distributed in order to be ample and timely.

4) Assurance means the ability of personnel in building confidence among customers. All employees should demonstrate skills, knowledge, and abilities related to the service. They should respond to the needs of customers by performing courteously, with good manners and approachability. Communication has to be efficient and must assure customers that they will receive the best service.

5) Empathy means the ability of all employees to take care of the service users in accordance with their individual needs.

Zeithaml and Bitner (1996) offered details on the satisfaction of service recipients with the performance of the service by evaluating the following 5 components:

1) Equitable service means the fairness of the performance of the service by the operator based on the assumption that every person is equal. Thus, all customers will be treated equally. There will be no discrimination in providing the service. Whether the customers are large customers or small customers and regardless of the benefits they offer the agent, performance of the service should be of the same standards.

2) Timely Service means employees should perform the service eagerly, promptly, and efficiently, which will satisfy all customers.

3) Ample Service means that the performance of the service should be characterized by appropriate attributes, locations, and quantity.

4) Continuous Service means that the performance of the service continues consistently by prioritizing the benefits of the customers, particularly using the days and the time that suit the majority of the customers.

5) Progressive Service means that there is improvement to the quality and enhancement of the efficiency in performance of the service to increase customer satisfaction.

From the abovementioned, it can be concluded that satisfaction in the performance of service or the ability to create satisfaction entails an equitable, continuous, and ample service that is timely, and that the service quality should be regularly improved.

Krungthai Bank (2016b) has information about customers that is used to evaluate service quality. The determination of customers' expectations is as follows:

1) The management of Thai financial institutions should strive to create an accurate image for serving customers, should receive news about customers through communication between employees that perform the services to the customers, and keep promises to the customers. Evaluation should be done on the impact of customer expectations.

2) Providing a service is the first priority of the business of Thai financial institutions. The aim is for employees to perform reliable services through methods effective in responding to the expectations of customers. These employees must be well trained in the performance of services.

3) In the business of Thai financial institutions, there is improvement in the effectiveness of the communication with customers to respond to their needs and to create their satisfaction with the Thai financial institutions, where employees explain the details of the services that are valuable and beneficial to the customers.

4) Does the management of Thai financial institutions delight the customers during the performance of the service? Do the employees consider whether the process of service delivery is able to respond to the expectations of the customers? Do Thai financial institutions have steps to create excellence in the performance of the service?

5) Do the employees recognize service problems as opportunities to delight customers or as causing irritations to customers? Is there any preparation or stimulation of employees to make the service process excellent?

6) Does the management of Thai financial institutions have evaluation and improvement of operations to continuously respond to the expectations of customers? Is the level of service consistent? Has there been enhancement of the level of service?

To summarize, service on the part of an organization is significant because it allows the organization to continuously generate more revenue and reduce their costs from the loss of customers, increase the ability to survive, create long-term profits, develop a good image and reputation, create a distinction from other organizations, and build a competitive advantage, while customers can increase their satisfaction or well-being.

2.3.6 Tools to Measure Service Quality and the Evaluation of Service Quality

Zeithaml and Biner (1996) discussed the measurement of service quality, indicating that prior to the use of service, each individual customer forms expectations in his or her mind differently based on the information he or she has received. After

the service, customers will have an actual experience, which they will compare with their prior imagination. There are two cases:

1) The expectation does not differ from actual experience: the customer will feel that the service meets the standards and responds to their needs. The quality is sufficient for continuing to use the service.

2) Actual experience exceeds the expectations, which embodies true service quality.

Both cases are considered high quality service. However, in a highly-competitive era, higher customer loyalty to the service business means a greater chance of securing permanent customers. Parasuraman and Berry (1988) have discussed the attributes of service that differs from other products, such as the fact that customers cannot evaluate the service according to physical attributes as they can with goods, but they are able to evaluate whether the service has quality. As service quality is an important factor for service organizations, it is necessary to emphasize creating a differentiation in service because excellent service will create sustainable growth in the future. The SERVQUAL model for measuring quality is widely used in studying all types of services in order to understand the perceptions of customers that receive the service. The essential goal is the successful improvement of service quality, which is evaluated as resulting in satisfaction.

Chaniotakis (2009) applied the service quality measurement, SERVQUAL, from the marketing concepts of Parasuraman et al., to the measurement of healthcare service quality for patients that had spent 5 days on average in the hospital after heart surgery. The results from the measurement confirmed the effectiveness of this model, which consisted of 5 determinants:

- 1) Tangibles
- 2) Reliability
- 3) Responsiveness
- 4) Assurance
- 5) Empathy

2.3.7 Concepts of Satisfaction

Satisfaction is an abstract attitude that is intangible. Ascertaining whether a person is satisfied can be done through the observation of their expressed behaviors,

which can be quite complex. Thus, it is difficult to measure satisfaction directly. However, satisfaction can be indirectly measured from the opinions that express the actual feelings of that individual (Jittinun Dechakoob, 2006, p. 70). Therefore, it can be seen that service is difficult to control. Factors both internal and external to the customers have an impact on the performance of the service. Needs, feelings, attitudes, experience, and learning are all internal to each customer. Additionally, external factors, which encompass employees, marketing mix, the number of users, and economic and social conditions, all affect service usage (Schiffman & Kanuk, 1994, p. 124).

2.3.8 Customer Satisfaction with the Service

Kotler (2003, p. 80) has stated that customer satisfaction depends on the benefits or values perceived from using the products as compared to the customer's expectations. If the benefits are less than what the customers expect, they will feel dissatisfied. On the other hand, if the benefits conform to or exceed their expectations, the customers will feel satisfied or delighted. Thus, businesses that value marketing emphasize operational guidelines that make the customers receive maximum satisfaction with the products or services in order to promote repeat purchases and positive word of mouth about good products or service experiences with other expected customers. The key to this operation is the agreement between what the customers expect and the benefits from the product and services that they purchase. Nevertheless, all agents have the aim to create the maximum satisfaction for customers by delivering value that exceeds customers' expectations regularly.

Oliver (1997, p. 52) has provided a definition of satisfaction as the consumer's fulfillment response. It is a conviction that a product/service feature, or the product or service itself, provides or has provided a pleasurable degree of consumption-related fulfillment, ranging from under- to over-fulfillment. Satisfaction can be viewed from different perspectives, depending on the individuals. This agrees with Good (1973, p. 320), who stated that satisfaction means the condition, quality, or degree of pleasure that results from various interests and attitudes.

Porter and Lawter (2005, p. 17) have demonstrated that compensation for an action does not have a direct correlation with satisfaction, but it has to be perceived in

terms of the fairness of that compensation. Thus, an individual's satisfaction is determined by his or her feelings when considering the difference between the received compensation and the expected compensation. If the received compensation is higher, satisfaction will arise. The degree of satisfaction depends on the perception of the fairness of the compensation, i.e. satisfaction is the feeling on the part of the individual or customer that results from the comparison between the product's received performance and the person's expectation. With regard to the post-purchase satisfaction of the customers, if the product performance is less than the customer's expectations, the customer will be dissatisfied. However, if the product performance meets the customer's expectations, it will result in customer satisfaction. Further, if the performance exceeds expectations, it will result in delight. The various degrees of satisfaction will influence the decisions of customers and the positive or negative publicity of the products or services. The success of Thai financial institutions thus depends on matching the products and services with the customers' expectations and creating maximum satisfaction for them.

It can be concluded that satisfaction is the feeling of pleasure and delight, or the positive attitude of a person, towards something or towards factors that relate to satisfaction, which arises when the needs of the individuals are fulfilled materially and psychologically. Satisfaction is the feeling that each individual expresses to show delight from product consumption when the value or benefits received meet or exceed his or her expectations.

Customer satisfaction with a service affects various dimensions of the delivery of service, which comprise convenience, the personnel that perform the service, the quality of the received service, the duration of the service, and the information from the service. From the study of customer satisfaction regarding service, it can be concluded that the attributes of the good service of the organization include equitable service, timely service, continuous service, and progressive service. If the service provider performs the service to the best of his or her ability and meets the needs of the recipient, customer satisfaction will arise. (Bradley, 1999, p. 138).

2.3.9 The Nordstrom Way to Customer Service Excellence

Spector and McCarthy (2005) proposed how to deliver excellent service in order to gain the customer's satisfaction in the book "The Nordstrom Way to Customer Service Excellence." They focused on how Nordstrom set a standard for customer service and also helped companies create a customer-driven culture. The key Nordstrom methods of delivering service were as follows:

1) When client benefit has turned into a competitive advantage for each business, Nordstrom is simply the standard against which different organizations measure themselves. Organizations of each kind are endeavoring to wind up "the Nordstrom" of their industry.

2) Pick representatives with an entrepreneurial soul and enable them to produce their own particular thoughts and do all that they can to ensure that the client is fulfilled, to make life less demanding for clients

3) Keep in mind compassion. Be unassuming.

4) The general purpose of everything an organization ought to do is to fulfill the client for the whole deal.

5) A can-do attitude, a constructive identity, and a solid hard-working attitude are the essential elements for progress.

Moreover, they also proposed everything that has developed into the Nordstrom way to deal with business has one basic target—to free representatives to treat clients the way they get a kick out of the chance to be dealt with. The organization's whole authoritative structure is intended to provide the adaptability required for workers to accomplish the target. The essence of the Nordstrom culture can be summarized as follows:

An inverted pyramid company structure: At Nordstrom, everybody in the organization attempts to help the sale staff.

People will work hard when they are given the freedom to do the job the way they think it should be done, when they treat customers the way they like to be treated. When you take away their incentive and start giving them rules, boom, you've killed their creativity. (Spector & McCarthy, 1995)

In this manner, the organization's hierarchical structure can be as depicted in the following figure:

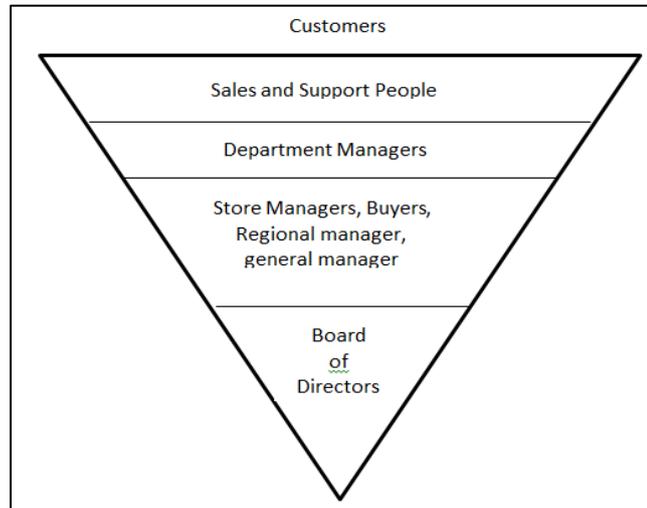


Figure 2.3 Nordstrom's Inverted Organizational Pyramid

Source: Spector and McCarthy, 2005, p. 124.

- 1) An unconditional money-back guarantee: every sales staff member has the authority to refund customers.
- 2) No barriers: the sales staff can sell any product in the department store and if free to meet anywhere in order to satisfy customers.
- 3) Promote from within: all managers have to start at the sales floor and then will be promoted. Nordstrom will not recruit managers from outside.
- 4) Buying is decentralized: the department store will be set as a small group in order to provide flexible to customer rely on lifestyle.
- 5) Employee compensation is sales commission based: they give commission to sales in order to motivate and encourage loyalty and also provide a profit-sharing revenue arrangement.
- 6) Employees set regular, ongoing goals.
- 7) Tangible recognition and praise are given.
- 8) Heroics: employees that exhibit outstanding customer service can be announced as "the employee of the month."

9) Ownership: Nordstrom has an excellent profit-sharing retirement plan for their employees. They will retire with profit sharing. As Kravis and Lipsey (1992) stated concerning ownership is the most powerful incentive for business change. “Corporations achieve better performance over the longer term when employees share the risks and rewards of ownership. This is accountability from the inside out, and it works. Ownership focuses attention on the good of the organization like nothing else can” (Kravis & Lipsey, 1992, as cited in, Spector & McCarthy, 1995).

In conclusion, the Nordstrom way is to center exclusively and solely around taking the necessary steps to have a fulfilled client. The hidden reasoning and culture of the Nordstrom way is disarmingly straightforward. You will never be condemned for acting excessively for a client, but you will be by just doing close to nothing. In case you are ever in question, blunder in favor of doing excessively instead of too little. The Nordstrom Way shows the immediate connection which numerous organizations neglect to acknowledge.

2.4 The Creation of Competitive Advantage

Porter (1998) has offered a definition of competitive advantage and classified it into 2 types that the organization could use to achieve relative to its competitors, which are lower cost and differentiation. These two advantages, which may result in superior market position, skills, or resources, will enable the organization to surpass its competitors. Thus, strategic management should be focused on building and sustaining competitive advantage.

Competitive advantage might refer to “what distinguishes the organization from others, which is clearly advantageous.” This advantage may be in the form of organizational capability that others cannot perform or that the organization can outperform others, or it could be an advantage from assets or resources that the organization possesses while others do not. Thus, competitive advantage is a key concept in strategic management. Building a competitive advantage is essential for every organization, and such competitive advantage should be sustainable in order for the organization to succeed. The creation of a competitive advantage could be done through making products and services in a more differentiated way by creating an

image or identity for those products and services in the eyes of the consumers. Another essential element in creating a competitive advantage is the ability to respond to the needs of service users quickly and efficiently (Chaloemkiat Wongwanittawee, 2009, p. 35).

From the concepts and meaning of competitive advantage, the researcher has assembled concepts and theories that relate to the development of HR transformation to create a competitive advantage for Krungthai Bank (2016b), which include the following:

- 1) The McKinsey 7S framework
- 2) Excellent organizations by Peter and Waterman (1982)
- 3) Visionary companies by Collins and Porras (1996)
- 4) Organizing genius by Bennis and Biederman (1997)
- 5) The eternally successful organization by Crosby (1990)
- 6) Smart organizations by McGill and Slocum (1993)
- 7) The EFQM excellence model (1992)

2.4.1 The McKinsey 7S framework

Richard Pascale and Anthony Athos worked with McKinsey & Company to develop a framework for a study of the factors or attributes that create excellent organizations. The framework is called “the McKinsey 7S framework”. It combines the Western way of organizational management, which focuses on the “hard side” of the organization—strategy, structure, and systems—with the Eastern way of organizational management, which focuses on the “soft side” of the organization – skills, style, staffs, and superordinate Goal. The 7 elements are interdependent as shown in Figure 2.4.

Pascale and Athos (1981) discussed the definition of each of the elements in the McKinsey 7S framework as follows:

- 1) Strategy: plans or the activities that the organization wants to carry out that will result in allocating limited resources to drive the organization to achieve established goals
- 2) Structure: the way the organization is structured; centralization or distribution of power; degree of emphasis on the line function and on the support function

3) Systems: the flow of information in the organization, such as the formal submission of reports or the use of verbal reports in the meetings

4) Staff or personnel: the characteristics of the organization's human resources, such as having engineers, sales, managers, or computer specialists

5) Style: the style of leadership; the overall management of the organization or the typical behavior patterns of top management of the organization, such as the focus on results or management by fact; it also includes organizational culture

6) Skills: the core competencies and distinctive capabilities of the organization and the key personnel, which distinguish the organization from competitors

7) Superordinate goal: or shared values; core values that stimulate and motivate the members and tie them to the organizational objectives

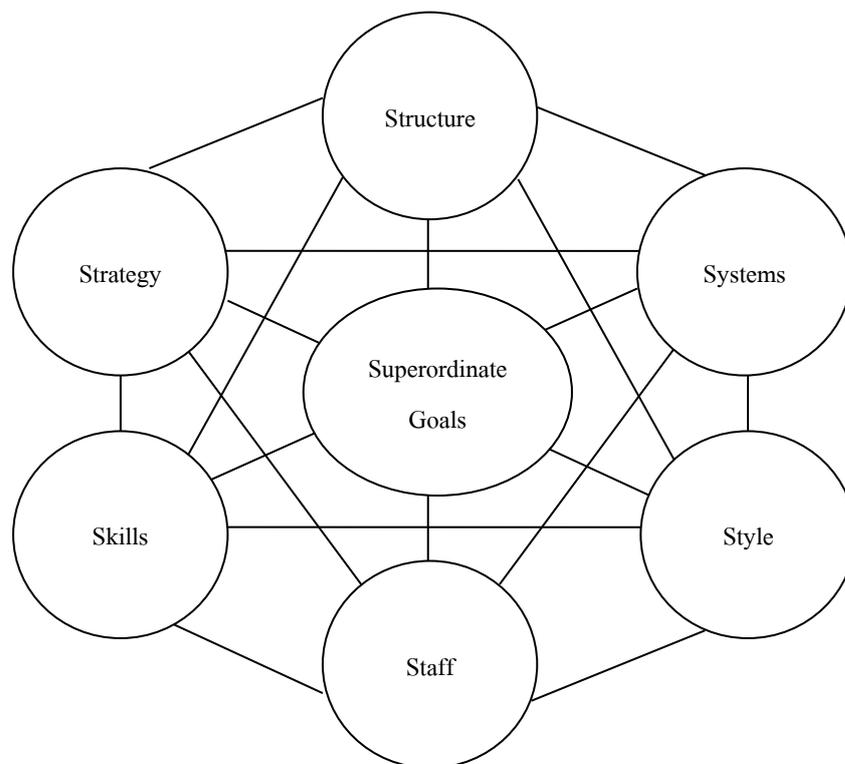


Figure 2.4 The McKinsey 7S framework

Source: Pascale and Athos, 1981.

2.4.2 Excellent Organizations

McKinsey & Company, a consulting firm in the U.S.A. has used the 7S Framework to study the factors of excellent organizations. Successful large American companies were selected for the research according to their excellent attributes. The result of the study was published in the book “In Search of Excellence”, which revealed that the organizations selected as excellent have 8 attributes, which are (Peter & Waterman, 1982) as follows, according to:

- 1) A bias for action
- 2) Closeness to the customer
- 3) Autonomy and entrepreneurship
- 4) Productivity through people
- 5) Hands-on, Value-driven
- 6) Stick to the knitting
- 7) Simple form, Lean staff
- 8) Simultaneous loose-tight properties

The 7S framework is a framework that considers the alignment of each dimension, covering both the soft side and the hard side of the organization. However, not long after the research, it was discovered that from the 24 excellent organizations in the study in 1982, approximately 33%, or 8 organizations, could not maintain their excellence until 1985, but experienced failures. In a book he subsequently wrote, “Managing on the Edge” by Richard Pascale (1990), one of the contributors of the 7-S Framework remarked that the reason that the companies that had been regarded as having excellence in In Search of Excellence encountered failures within a few years was that these companies held onto the characteristics and methods that used to make them excellent. When these companies experienced extreme environmental changes, interdependencies among the factors within the organization that used to be excellent traits during the stable time became incompatible, which made these companies vulnerable and incapable of adapting to severe changes (Phillips & Phillips, 2009).

Charles Darwin, the world-renowned specialist on evolution, stated the following: “It’s not the strongest of species that survives, nor the most intelligent; it is the one that is most adaptable to change” (Pfeffer, 1994, p. 98). For management during a time of change, the new paradigm in organizational management that we

need to learn is the consideration of organizations as living organizations that possess the capacity to be flexible, continuous learning, employee-centricity, and the view that human resources are the most valuable assets of the organization. Thus, contemporary organizations have characteristics that are opposite those of the traditional hierarchical organizations that we are used to. In the world that has advanced to the industrial period, high-quality contemporary organizations must offer opportunities for people to learn in order to continuously search for new ideas, possess risk management measures, increase their empowerment, engage in teamwork as connected networks, integrate their work to achieve the same missions, be able to learn, and have the capability of adapting to changing conditions.

2.4.3 Visionary Companies

Collins and Porras (1996) collaborated to study the factors that make excellent organizations enduringly great. They selected a group of organizations that had been accepted as excellent in their respective business fields and had an average age of nearly 100 years, which they called “Visionary Companies.” The list contained 18 companies, with an average life of 96 years. These visionary companies were compared and contrasted with a group of 18 other companies that were in the same businesses but had experienced a decline after achieving success (Sompong Suwanjittkul, 2002).

The results were published in the book, “Built to Last: Successful Habits of Visionary Companies”, in 1994, which presented the idea that excellent organizations that endured have the following characteristics (Pitts & Lei, 2000, pp. 41-43).

- 1) Clock Building, Not Time Telling: focusing on an organization’s “core value system” rather than on great product ideas, charismatic leaders
- 2) More than Profits: having a core ideology and a sense of purpose beyond making money
- 3) Preserve the Core/Stimulating Progress: preserving the core ideologies while allowing their interpretations to adapt
- 4) Big Hairy Audacious Goals: taking risks and setting super goals
- 5) Cult-like Cultures: selecting personnel that suit the organizational cultures

- 6) Try a Lot of Stuff and Keep What Works
- 7) Home Grown Management: hire inside employees to high positions
- 8) Good Enough Never Is

2.4.4 Organizing Genius

Bennis and Biederman (1997) proposed in “Organizing Genius: The Secrets of Collaboration” concepts from their research, drawing on 6 case studies from the USA, which included large research projects or successful companies that have been accepted in terms of creativity. The heart of their main concept is the view that collaboration within teams, pooling skills, and the talent of every member are the keys to organizational success, particularly for organizations that need new, creative ideas. Leaders play important roles in motivating team members, in supporting, encouraging, maintaining, and creating atmosphere that facilitates creativity, and in eliminating obstacles that are destructive to their creativity.

Additionally, they found that the work habits of people in successful teams must have a direct correlation with the effectiveness of the leaders in using visions to unite the team members. These leaders understand human beings’ basic need for involvement, which will give them motivation and dedication. Thus, the establishment of goals is important for team collaboration. Without goals, everyone will work aimlessly, and the organization will waste time (Kiatsiam Limtrakun, 2012).

2.4.5 The Eternally Successful Organization

Crosby (1988, p. 142) published “The Eternally Successful Organization: The Art of Corporate Wellness” which stated that eternally-successful organizations must value 5 organizational dimensions. Each dimension of the organization can be described as below:

- 1) Quality: work that is free of mistakes, everyone finishes his/her assigned tasks on time
- 2) Progress: work that results in sustainable, long-term profits to create progress and stability for the organization

3) Customers: ability to predict the needs of customers in order to produce goods and services that satisfy and please customers

4) Changes: ability to plan for and manage changes so that the organization has continuous improvement, preventing decline

5) Employees: ability to make employees feel proud of their departments through education and creation of unity

2.4.6 Smart Organizations

McGill and Slocum (1993, p. 71), in “The Smarter Organization: How to Build a Business That Learns and Adapts to Marketplace Need”, suggested that smart organizations have core dimensions as follows:

- 1) Transparency
- 2) Systemic thinking
- 3) Creativity
- 4) Personal efficacy
- 5) Empathy

McGill and Slocum stated that the reason why some companies are smarter than others is because these companies not only create changes, but also learn at the same time. They claimed that the most essential element for organizations that would like to succeed in the present competitive environment is the ability to unlearn, learn, and relearn.

Therefore, smart organizations manage internal factors to ensure that the organizations continuously improve. These organizations try to make themselves ready for competition and have corporate practices that support organizational learning. The learning of personnel determines the sustainable competitive advantage, making the organizations smarter than others, survive, and grow sustainably.

2.4.7 EFQM Excellence Model

The European Foundation for Quality Management (EFQM) (1992) developed and presented “the EFQM Excellence Model” (Anuwat Sappeutpol, 2003, pp. 117-122) as a framework for evaluating organizations for “The European Quality Award.” This model is widely popular among European managers for planning and controlling

results, and has become the foundation for the design of national and regional excellence awards for many countries.

The EFQM (1992) model identified the key components that managers can use to manage, analyze, evaluate, design, and improve organizational structure. Thus, the EFQM model assists managers in establishing a management system that leads to success as an excellent organization. The fundamental concepts of the excellence of the EFQM model including:

- 1) Results orientation
- 2) Customer focus
- 3) Leadership and constancy of purpose
- 4) Management by processes and facts
- 5) People development and involvement
- 6) Continuous learning, innovation, and improvement
- 7) Partnership development
- 8) Corporate social responsibility

The 8 fundamental concepts of excellence are linked as seen in Figure 2.5.

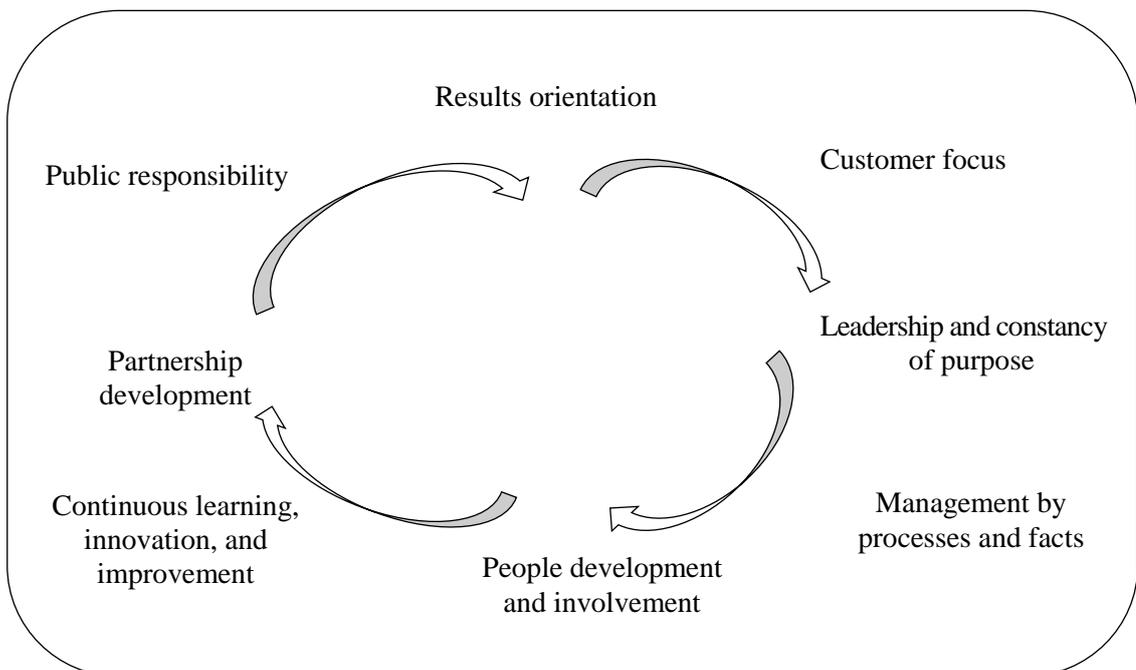


Figure 2.5 Fundamental Concepts of Excellence in the EFQM Excellence Model

Source: The European Foundation for Quality Management, 1992.

The EFQM excellence model is one of the numerous methods for developing sustainable excellence, based on the following premise: customer results, people results, and society results are achieved through leadership driving policy and strategy, people, partnerships and resources leading ultimately to excellence in key performance results.

From the above discussion, it can be observed that models for creating a competitive advantage that could survive and grow depend on many factors, and all the models have an important factor in common, which is human resources, on which all organizations have placed significant emphasis. This research will explore the core body of knowledge about the development of competitiveness for Krungthai Bank, and the researcher has synthesized 5 elements as follows:

- 1) Strategy
- 2) Structure
- 3) Systems
- 4) Style
- 5) Superordinate Goal

Table 2.1 The Synthesis of Elements of Competitive Advantage

Indicators	Excellent org. (Pfeffer, Peter and Waterman)	Visionary companies (Collins and Porras)	Organizing genius (Bennis Biederman)	Eternally successful Organization (Crosby)	Smart organization (McGill & Slocum)
1) Strategy	✓	✓	✓	✓	✓
2) Organizational structure	✓	✓		✓	
3) Systems		✓	✓	✓	✓
4) Style	✓	✓	✓	✓	✓
5) Superordinate goal	✓	✓	✓		✓

Note: This research does not include all of the McKinsey 7S framework elements to such as staff and skill because Krungthai Bank sets the staff (human resources) to be one of the strategy elements and also skills will be included in the system elements.

2.5 Human Resource Transformation and Human Resource Management and Development

In order for all organizations to attain success and to achieve established goals, efficient use of human resources is vital (Ulrich, Allen, Brockbank, Younger & Nyman, 2009). Matching people to the right task, time, and position for the most benefits will result in that success. Creative and intelligent management of human resources will secure the most benefits from individuals' abilities and skills. Human resource management should be emphasized, and personnel should be evaluated to achieve goals. Kermally (2004, pp. 2-3) has stated that the development of personnel is a critical step in human resource management because it enhances the abilities and skills of individuals and increases the organization's competitive advantage. Thus, human resources should receive distinctive treatment, such as development specific to the individual, in order to lead to extraordinary success (Kates & Kates, 2006, p. 29).

Nowadays, the top management of a majority of organizations emphasizes HR transformation. Sutton (2010, p. 13) has reported that in the development of leaders and personnel in leading Asian organizations nowadays, there has been an increase of discussions about the expectations from customers internal and external to the organizations regarding the human resource department. These expectations include the needs of employees, supervisors, managers, unions, customers, investors, and shareholders, which represents a new challenge that must be conquered by satisfying all parties with a new system that can respond to various needs. This aligns with the concepts of Ulrich et al. (2009, p. 67), which explain that if the organization is not ready to implement HR transformation, the human resources of the organization might not be able to serve the customers satisfactorily, the service might lack quality, and conflicts will need to be solved constantly. Ulrich and Ulrich (2010, p. 75) stated that HR transformation is considered the evolution of management of human capital, which is important in every organization and must inevitably be conducted because the competition in business nowadays is ever more intense.

HR transformation concerns the rethinking and reorganizing process of the human resource department of the organization. Ulrich and Smallwood (2007, p. 26) has stated that HR transformation is analogous to taking a step back to build a

new foundation by asking important questions such as: why is there a need for a human resource department? what are the evident results? and what are the expectations from this department? Although there is no right answer to these questions because they depend on the objectives and strategic business needs of the organization, one thing is clear about HR transformation, which is the fact that any changes in human resources will cause changes in the organizational culture.

Ulrich, Younger, and Brockbank (2008, p. 47) stated that there are preliminary questions that would help with understanding HR transformation, such as: why does the organization have a human resource department? would there be a difference if there was no human resource department? what is the main responsibility of this department? what has this department done or not done which should be done in the present and the future? what improvements are suggested? why are these improvements particularly essential for measuring the success of the human resource department? and if the human resource department could have any role, how should we transform this department?

As has been mentioned, the top management and shareholders of the organization have expectations regarding the human resource department, and the strategic HR transformation's ability to adjust the structure in terms of "people" to align with and respond to the needs of the "organization" and "stakeholders" would be an important key to solving future problems in this field.

2.5.1 Human Resource Management and Development

In this age, human resource management is the integration of human resource management with organizational strategies. The main activities are selection, training, and development, and the retention of skilled personnel. Human resources are a critical factor for creating a competitive advantage over rivals, and the generation of attitudes, knowledge, skills, and abilities that support organizational strategies requires effective operations to add value to human resources continuously (Ulrich, Brockbang, Yeung, & Lake, 1995, p. 476). Human resource management and development have been defined by academics and experts. For instance, Swanson (2001, p. 301) defined them as the development process that results in skills and knowledge in individuals with the purpose improving the efficiency of work. This

agrees with the definition of Freidson (2001), which states that they are a focus on operations related to the training and learning development of personnel. McCracken and Wallace (2000) have offered a definition that they are the creation of a learning culture through training to develop learning that responds to organizational strategies. Guest, Michie, Conway, and Sheehan (2003, p. 232) defined them as the process or activity in both the short term and long term to develop knowledge in the work of individuals to generate expertise and satisfaction that are beneficial to the individuals or the organization. The definition of Ulrich, Younger, and Brockbank (2008) encompassed training, job development, and research to develop human resources in the organization that encourage learning at all levels, combining various insights to make the organization highly efficient.

In summary, human resource management and development are a method, process, and strategy for management with the emphasis on the knowledge, understanding, and skills that enhance the quality and abilities of individuals, resulting in changes, improvements, and the development of organizational efficiency in driving strategies to achieve established goals.

2.5.2 Human Resource Management Strategies to Create a Competitive Advantage

At the present, every financial institution faces various and rapid changes in the economy, politics, society, and technology, which have numerous impacts on its operations. The creation of a competitive advantage is significant, and human resource management concepts also need to be adapted accordingly. There is competition for skillful personnel, which causes the issue of a “brain drain” that management must be concerned with and try to prevent. It is necessary to learn about and understand the environment, to be able to analyze and exercise control, and to be flexible, ready to adapt and improve to align with the strategies of the financial institutions both in terms of form and abilities. Particularly, human resource management strategies build the capacity for future changes, and personnel should have values, beliefs, and attitudes appropriately (Eichinger, Kulas, & de Meuse, 2007, p. 27). Regarding human resource management, it is necessary to modify beliefs and approaches to promote the realization that it is a mission. It is a duty for all managers,

and not just for the human resource department or heads of departments, to build and develop human resources. Additionally, in order to survive, the organization must transform its systems and strategies to attract and retain the human resources in the organization (Michaels, 2001).

Furthermore, central to human resource management is the congruence between organizational strategy and human resource management strategy. With the consideration of this relationship, performance appraisal consists of the following: (Holley, 2009):

- 1) Individualized performance appraisal and standardized performance appraisal for the whole organization
- 2) The use of performance appraisal for personnel development and for control
- 3) Performance appraisal for many purposes, such as for training and for promotion, and performance appraisal selected for specific uses, such as for increasing pay
- 4) 360-degrees performance appraisal involves supervisors, colleagues, and employees in the performance appraisal, which is more effective than traditional performance appraisals
- 5) Training and development of personnel so that they will have desired knowledge and skills, which encompass the following alternatives:
 - (1) Training and development with the focus on individuals versus the team
 - (2) In-house training with an emphasis on on-the-job training (OJT) versus external training
 - (3) Training on specific skills versus general knowledge
 - (4) Buy skills versus make skills

2.5.3 Human Resource Planning

Mahapatro (2010) has stated that human resource planning is important for preparing for future manpower needs in order to ensure optimum quantity and qualitative aspects in accordance with policy so that human resource management is appropriate to the mission. There should be an estimation of manpower needs, which

can be considered in 3 aspects: 1) future manpower needs as estimated from changes in the organization, personnel, and the environment; 2) characteristics and qualities of desired personnel as considered from the job descriptions and job specifications; 3) quantity and quality of existing manpower compared with quantity and types of work to determine suitability for effective performance in order to determine recruitment, development, and hiring methods (Dessler, 2003, p. 74). Human resource planning is a strategy to ensure that there will be an adequate quantity of personnel equipped with the appropriate skills and placed in the right roles in time for future requirements. The objectives of human resource planning may be summarized as follows (Mahapatro, 2010):

- 1) Forecasting human resource requirements
- 2) Effective management of change
- 3) Realizing organizational goals
- 4) Promoting employees
- 5) Effective utilization of HR

Human resource planning has been established to conform with efficient achievement of goals (Simonton, 2001, pp. 39-43). There are various models for analyzing the environment comprehensively, such as the SWOT analysis or The McKinsey 7S Framework. Moreover, models for analyzing the environment will help establish plans concisely and efficiently. The plans should conform with the fit model, matching the existing internal factors to the external circumstances and environment. It is generally found that efficiency is higher if the external environment experiences gradual or no changes. On the other hand, if there are regular changes, recruitment of personnel and development of new personnel to prepare for future environment are necessary, which means that plans should be established to be responsive to the changes.

In conclusion, human resource planning is one of the most important steps that managers should be concerned with in order to determine the guidelines, timelines, and resources that are required for the organization to achieve goals successfully.

2.5.4 Personnel Selection

Personnel selection is the first step of human resource management, resembling a gateway to the organization. This step must be done carefully because mistakes in recruitment and selection are factors that hinder operational efficiency. A study has shown that the average managerial “mis-hire” costs a company 24 times the individual’s base compensation, which includes the costs of hiring, training, severance expenses, and missed business opportunities. Generally, there are 2 recruitment sources (Cappelli, 2002) as discussed below.

2.5.4.1 Internal Source: this is the source that most organizations use to recruit personnel within the organization so that they will have the opportunity to progress in their own career fields. This will create good morale among personnel, and accumulate and transfer a body of knowledge and experience to the next generation of personnel, creating a learning organization. It is necessary to identify human resources, which can be considered from skills and previous performance appraisals. Thus, identification is highly critical because it is the beginning of the recruitment and selection of personnel from within the organization.

2.5.4.2 External Source: at times, needed human resources cannot be recruited or selected or developed internally. Thus, it is necessary to hire outsiders appropriately. However, the human resources for one organization might not be considered good human resources for another due to differences in business, culture, values, and beliefs, which are factors that might prevent outstanding performance. Nevertheless, the recruitment and selection of personnel externally have certain advantages because the organization might obtain new perspectives, knowledge, or experience from these personnel that can be applied or adapted to suit the organization. Internal employees might become accustomed to seeing the same issues regularly, which prevents them from thinking of or seeing solutions. However, personnel from external sources might provide a fresh pair of eyes which could promote changes, and the new knowledge or experience could also stimulate changes within the organization (Drucker, 2007).

Beliefs and values in recruiting and selecting human resources have thus experienced changes, which in turn cause changes to strategies. The organization has to develop and fill personnel for every position instead of filling just the roles that

department heads or managers value. The organization should also recruit and select personnel regularly in order to ensure that there will be qualified personnel for replacements so that there will be no shortages in the future (Sparrow, Farndale, & Scullion, 2013). Recruitment sources should also be more varied or recruiting agencies could be hired. The form of compensation is another area that has changed from a standard salary scale to salary ranges in order to attract human resources into the organization (Michaels, 2001, p. 70). Nevertheless, regardless of the recruiting and selecting approaches, special concern should be given to the retention and motivation of employees in order to prevent the need to constantly recruit replacements.

Furthermore, in managing in rapidly-evolving and diverse contexts, organizations “must” develop human resources all the time (Kermally, 2004, pp. 2-3). Human resource development is a vital step because it not only enhances the capabilities of the human resources and increases the competitive advantage, but also acts as a tool for retaining human resources in the organization and for attracting talent from the outside. Thus, the treatment of human resources should be individualized, such as having an individual development plan, and human resources should be given the opportunities to demonstrate their true potential, such as offering challenging assignments as motivation to complete tasks.

Ulrich, Zenger, and Smallwood (1999, pp. 71-73) have stated that recruitment of personnel is an important step and has changed from the past in 3 ways:

- 1) Role in the recruitment process: in the past, the recruitment of personnel would have been done in a similar way to that of procurement; organizations would invite suitable individuals to apply for the jobs as they would invite vendors. However, in order to recruit great individuals, human resource departments should change their role to become more proactive by creating a good organizational image to attract human resources and motivate them to apply.

- 2) When to recruit: typically, recruitment is done when a position becomes vacant. However, if the organization needs human resources, recruitment should be done all the times even when no vacancy exists. This is because if the organization waits to recruit when a vacancy arises, suitable personnel might not

be found on time. At the present, various organizations are open for applications all the time to have applicants available for selection, and any capable and suitable individuals identified could be invited for further selection.

3) Background check: recruitment involves the assessment of a candidate's suitability. Another advantage is it could be used as a tool to create a good image of the organization. The greetings and professionalism could create a good first impression, attracting the candidates to the organization. Thus, recruitment could be a selling process or a part of building a good organizational image.

2.5.5 Human Resource Retention

Regarding human resource retention, it is necessary to determine the causes of the loss of employees in order to prevent this. Typical causes are (Michaels, 2001, pp. 129-135) the lack of opportunities for advancement, receiving better opportunities elsewhere, feeling worthless, not receiving rewards or acceptance, receiving better salary and benefits from other organizations, not receiving development or learning, receiving an opportunity to work with distinguished individuals, uninteresting or unchallenging assignments, not getting to see family as needed, or disliking the organizational culture. Realization of the causes enables the ability to establish proactive management to deal with these issues. Further, the organization should place importance on elements of employee value proposition (EVP), such as interesting and challenging tasks, development opportunities, flexible lifestyles, good organizational management system and values, and appropriate compensation and rewards (Cappelli, 2002, pp. 75-77). These are what individuals expect from their work.

Michaels (2001, p. 98) has indicated that a crucial step in human resource management is retention, particularly nowadays, because the number of human resources in the labor market is limited. After being able to recruit, select, and develop employees, it is necessary to create connections and incentives to retain them as long as possible (Eichinger, Eichinger, Lombardo, Ulrich, & Cannon, 2004, p. 128). Other organizations might employ various methods to attract these individuals, such as offering better compensation, roles, and positions. and offering more flexibility. Thus, there should be a motivation and retention process for human

resources. Many organizations implement various strategies, which include succession plans, individual development plans, fast tracks, challenging assignments, and privileges such as flextime to promote a work-life balance. Even though the expenses for generating good morale for human resources are high without providing a direct increase in revenues, the organization will save on costs of recruiting and selecting replacements (McDonnell, Lamare, Gunnigle, & Lavelle, 2010, pp. 150-160).

Mellahi and Collings (2010, pp. 143-419) have observed that the retention is one of the important steps for human resources management because the loss of workers has a significant cost impact, such as the costs of recruitment and development (Drucker, 2007, p. 148). The organization should create organizational ties, especially regarding personnel to which the organization devotes significant resources in terms of selection and development since in the knowledge age, intellectual capital, expertise, and accumulated skills are competitive factors.

Boudreau and Ramstad (2005, pp. 129-136) discussed the reasons that employees leave, and indicated that 80-90 percent did not leave due to financial reasons but due to the work, supervisors, organizational culture, and work environment (Branham, 2005, p. 3). Consequently, organizations need to transform their roles significantly in order to retain their human resources and to customize their retention strategies to suit the employees as individuals rather than using standard strategies for everyone in the organization. After realizing the reasons that employees leave, the organization could determine strategies to prevent and solve the issues. This agrees with Jantan, Hamdan, and Othman (2009), who stated that the organization still needs to transform its roles or strategies to solve the problem of the loss of employees and to create work opportunities as important retention tools to keep human resources with the organization. At the same time, organizations should also determine the reasons why employees stay with the organizations so that they can develop organizational strengths in terms of retaining employees.

In order to retain employees, organizations must change their roles and strategies in the following manner (Cappelli, 2002, pp. 81-83):

- 1) Get employees off to a good start to make them feel welcomed and understand the organization, such as the culture and the job descriptions. Most common methods include new-employee orientation.

2) Create a good work environment. The atmosphere in a department and good bosses are more important to individual employees than the culture as a whole.

3) Disclose information to employees to provide assurance among employees that the organization trusts and believes in them

4) Give autonomy to employees to do what they want to make them happy at work

5) Assign challenging tasks because most employees like more challenges and increased responsibility

6) Design flexibility into the work, such as using flexible work time. A study has shown that flexibility leads to better retention.

7) Create new assignments to make employees stay with the organization because a study has shown that dissatisfaction of employees can be caused by repetitive and unchallenging tasks. Thus, organizations should provide variety in the assignments to make work less routine and more challenging.

8) Investigate the true cause of the loss of employees because a challenge for one employee might be considered unchallenging or intimidating by another

9) Retain employees by assessing whether human resource management and the organization promote retention or cause the employees to leave

Talent Management

One of the famous ways for retaining human resources in the organization is “talent management.” Talent means personnel that exhibit high performance and high potential, which is an important resource leading the organization to sustainable goals in a rapidly-changing environment. Hence organizations should have the tools needed to support talented employees. This tool is the talent management system (TMS).

Schweyer (2010) has proposed that TMS is an analysis and planning process for balancing sourcing, screening, selection, deployment, development, and also the retention of human resources that exhibit high performance and high potential. TMS can be explained according to the following figure.

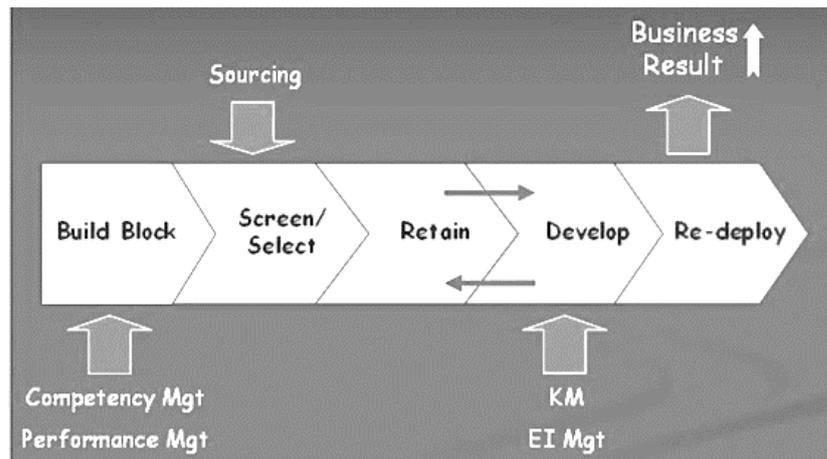


Figure 2.6 Talent Management System Work Flow

Source: Piyachai Chantawongpaisarn (2005).

1) Sourcing: begin with the organization's set goals and then deploy them with specific work so that one can specify and set the characteristics or qualifications of talent. After setting these qualification, they have to consider selecting talent from internal or external sources.

2) Screening and selection may differ and rely upon organization form. After this process will get Talent Pool.

3) Deploy or give talent suitable work by considering skills and capability

4) Development: talent must be trained and developed knowledge and skill that organization wanted such as on-the-job training (OJT), e-Learning, coaching, etc.

5) Retention is important process that makes the organization survive in a rapidly-changing and competitive environment. Organizations seek methods to retain talent as long as possible. The factors attracting talent have 4 dimensions: a learning and development dimension, a work environment dimension, a reward and compensation dimension, and a new challenged opportunity dimension.

In summary, human resource management is very important. In order to succeed, organizations must be able to make the needs of individuals congruent with the policies, visions, missions, culture, beliefs, and values of the organization. Key

issues and obstacles in HR management include the following (Brockway, 2007, p. 35):

1) Strategies and processes for recruiting and selecting human resources should become more proactive, beginning with identifying desired characteristics to matching the policies, visions, missions, culture, beliefs, and values of the organization in order to discern suitable personnel from others. The organization must be able to compete with others in recruiting, selecting, and motivating personnel to work for it, and must employ more diverse sources for recruitment (Armstrong, 2007, p. 156).

2) Human resource development will increase competitiveness, now and in the future, resulting in more strength and stability.

3) The most significant problem is the retention of human resources, because the loss of personnel not only increases the cost for recruitment, selection, and development expenses as indicated earlier, but also represents opportunity loss and lack of strength to be in the intensely competitive world. Retention plans should be established flexibly to suit individuals with different needs.

From all of the above, it can be concluded that human resource management involves the following steps and processes:

1) Human resource planning, which is a systematic process of reviewing organizational needs, will ensure that an adequate quantity of personnel with required skills and characteristics is available when needed. It entails an estimation of the number of positions to be filled by qualified personnel in the future. It also includes the study of manpower to determine measures that will motivate individuals to work for the organization efficiently. It will specify the quantity, types, skills, knowledge, and abilities that are required so that the organization will be certain that it will have qualified personnel to work for the organization.

2) Recruitment is a vital step that organizations carry out to entice qualified and suitable individuals to apply for jobs in accordance with human resource planning for further selection. The process to entice capable candidates by advertising the suitable and required characteristics for the jobs to interested individuals is considered the first step of the hiring process. Organizations can recruit from internal sources or from sources external to the organization.

3) Selection is crucial in the human resource management process because it is the key to acquiring individuals with the knowledge, abilities, and characteristics that enable them to work for the organization effectively. Selection is the deciding to hire individuals which begins from the candidates' application for the jobs and ends with the decision to hire. Selection depends on the results of the relevant tests and impressions from the interviews to obtain individuals with required characteristics, which will enable them to work effectively and have a good impact on the organization as a whole.

4) Human resource retention requires a change from standardized treatment because the organizations should establish retention strategies to attract and motivate all levels of employees differently in accordance with individual needs.

It can be concluded that human resource management is a process where managers or human resource departments use knowledge, skills, and experience in recruiting and selecting personnel with qualifications suitable to the positions, developing them to be knowledgeable and capable in performing their duties in the present and in the future, and providing insurance if and when they leave the organization. Thus, human resource management relates to 3 types of activities. 1) Before employees join the organization, there should be planning for recruiting and attracting knowledgeable and capable individuals to become interested in joining the organization. 2) During employment, after the personnel have been selected, they need to be developed to have knowledge and abilities suitable to their current and future roles. Organizations should take care of employees so that they will have a good quality of life, emphasizing fair and appropriate compensation, job advancement, management of benefits, codes of conduct, and performance appraisal. 3) After employment, when employees retire or resign, organizations should pay attention to pensions, provident funds, severance pay or other equivalent forms of compensation. Human resources are very important because they are drivers of work processes and enable the organization to survive and prosper. Thus, there should be efficient processes and steps for recruiting and selecting or developing human resources. Individuals are diverse in terms of education, background, religions, cultures, beliefs, and values, and these need to be in balance to promote strength and a competitive advantage for the organization. Additionally, there should be manpower

planning and development of human resources for the purpose of ensuring that there will be human resources that are adequate in terms of quality and quantity with requisite characteristics for the organization.

2.5.6 Human Resource Transformation

Lawler et al. (2004) have stated that HR transformation means the transformation of strategic human resource management that will make the organization excellent with sustainable growth. It is a highly-challenging task because HR managers must change their capabilities to support the executive in accordance with organizational strategy. HR managers must understand the business because they are change agents, and they should be leaders that drive the organization with expertise in the human resource management process in order to build competitiveness.

Ulrich and Brockbank (2005) have stated that HR transformation implies making HR programs align with organizational strategy and making all levels of management understand the importance of HR transformation in order to add value to the business through the increased emphasis on the value of human resources. Human resources should be a part of the specification of the organizational strategy, particularly the strategy for human resource management to increase human capital, which is essential for adding value to the organization. Large and multinational companies tend to place more emphasis on this issue than medium and small organizations, which tend to focus on operational results in the form of short-term profits.

Ulrich, Younger, Brockbank, and Ulrich (2012, p. 109) have suggested that HR transformation refers to the main strategy of innovative human resource management and development that requires superior ability in recruiting and rapidly developing employees, the creation of drive and energy among existing employees, and the efficient performance of human resource departments. These elements have to complement one other effectively because this strategy embodies the direction of the organization and the needs of the employees.

Ulrich (1996) from Michigan University in the U.S., who is one of the world's famous HR gurus, a widely-admired book entitled "Human Resource Champions: the

Next Agenda for Adding Value and Delivering Results” in 1996. The book discussed the 4 desirable strategic roles of human resource managers that lead to HR transformation. Additionally, in his latest book, called “HR Transformation: Building Human Resources From the Outside In”, he elucidated by describing HR transformation as the evolution that reflects changes of people, organizations, and information technology in the globalized age when human resource management’s performance is more than merely the deliverer of service and the future strategy is more than the administrative duties today, as the 4 strategic roles are integrated meaningfully. The 4 roles are briefly discussed below.

- 1) Strategic partner: human resource strategy that aligns with business strategy
- 2) Change agent: change management
- 3) Employee champion: listening to and understanding employees
- 4) Administrative expert: transactional role of HR that is uplifted

The 4 strategic roles use the relationships between “people and processes” and between “strategic and operational focus” as references. It is clear that almost all roles are related to HR transformation. Thus, if the integration is not implemented, the organization will probably lack the fundamentals necessary to conduct HR transformation. Additionally, the participation of top management, line managers, and employees should be emphasized.

2.5.7 Human Resource Management and Development Through HR Transformation

Ulrich, Brockbank, Johnson, Sandholtz, and Younger (2008) have stated that the new aspect of human resource management and development or HR transformation has the following features:

- 1) Emphasis on human resource management
- 2) Establishment of the future direction of human resource management
- 3) Adaptation of employees in the direction of human resource development
- 4) Effects of business changes on human resource management

Carter, Ulrich, and Goldsmith (2005) explained the significance of HR transformation for successful human resource management and organizational management as follows:

- 1) Build the ability for the organization to adapt to the environment in business competition
- 2) Enhance the ability to manage and develop human resources
- 3) Employ human resource management strategies for hiring, paying salaries and benefits, developing employees, and training and promoting
- 4) Improve human resource services, claiming of benefits, issuance of employment certificates, and information systems for human resources
- 5) Determine the direction of future human resource management and development, which requires the consideration of the goals of the organization and the employees

Griffin et al. (2009) recommended that HR transformation and the adaptation of employees to human resource management and development include the following:

- 1) All parties must acknowledge and accept comprehensive changes in management policies and work innovation.
- 2) Accept the pay-for-performance system
- 3) Prepare for changes and self-development to meet the needs of the work, work rotations, and the need to leave work

Harrison (2011) discussed HR transformation and the impacts from changes in the business related to human resource management as follows:

- 1) HR transformation can handle changes in management policies.
- 2) HR transformation generates continuous learning of innovative work processes in human resource management.
- 3) HR transformation is an innovation in human resource management that is suitable for organizations in the time of drastic changes.

Kates and Kates (2006) claimed that HR transformation is used for the improvement of the performance of the human resource department, which is responsible for recruiting employees and solving retention issues, in order to improve the organization before the recruitment of new employees. Human resource management is critical for lowering costs and developing management with the focus

on quality and responsiveness to the diverse needs of customers. Organizations will be able to adapt to changes sustainably because they will be able to attract, develop, and retain talents within the organization effectively.

Kenton and Yarnall (2010) have described HR transformation as different strategies of human resource management, which have the following key features and identities:

1) **Innovative Organization:** management is exceptionally supportive of the continuous and consistent development of the knowledge and skills of employees. The organization is capable of creating a learning community and encourages employees to develop and improve their work, leading to the creation of innovative outcomes that continue to be beneficial to the organization.

2) **Creative Organization:** the management of the human resource management and development process begins with stimulating creativity. It involves the participation of all parts of the organization, including people, technology, and processes, and the understanding of cultures, business operations, and customers' needs, in order to design the development of a new work process that creatively meets the customers' needs.

3) **Socially-Responsible Organization:** the organization takes into account the impact of its operations on customers, the community, society, and the environment through the combination of management concepts, the organizational culture, and the development of the organization with the emphasis on developing and instilling social awareness among employees so that they will produce high-quality, sustainable results. The goal is for the organization to grow sustainably.

4) **Excellent Service Organization:** there is an understanding of diverse cultures and learning about the fundamentals and needs of customers. The organization is able to train employees to become service-minded, which will delight customers and uplift the organization to meet international standards in order to create differentiation and services that exceed expectations.

5) **Relationship Organization:** the organization is outstanding in its ability to recruit and retain talents within the organization for extended periods of time, generating loyalty and full dedication of capabilities to the organization. Competitive advantages arise from knowledgeable and skillful employees, enabling

the organization to operate the business under competitive circumstances and withstanding the talent wars that occur during rapid and extreme changes in the present environment.

6) Competitive Organization: the organization is able to prepare employees with flexibility and ability to adapt to handle pressures and competition under various circumstances, which becomes a differentiated strategy that supports its operation, creating an effective and sustainable competitive advantage.

Mahoney-Phillips and Adams (2010) discussed the relationships in HR transformation, which concern the overhaul of the work processes of human resource management. The following strategies are implemented:

- 1) Gathering experts and specialists in each area
- 2) Sharing resources to perform services efficiently in order to continuously increase satisfaction
- 3) Providing convenience and preparing information
- 4) Developing and improving business processes continuously
- 5) Having a unit responsible for each HR issue

Lawler et al. (2004) listed the strategies necessary for HR transformation:

- 1) An HR shared service or service centre aggregates all document services and other HR activities in one place.
- 2) The system that supports data ownership includes all levels of employees as a part of the human resource management process, which will make them appreciate the value of the human resource department and its significance to the organization and employees. The result is a reduction of the steps in the work process.
- 3) Creating an HR unit as a business partner (BP) that works alongside each business unit as a partner, offering advice on various issues, and coordinates work between the human resource department and employees at each level.
- 4) Creating a unit responsible for making the organization a learning one by using a knowledge-based strategy, which will provide alternatives for training and developing employees suitable to the needs of each unit and promote more positive results for the business
- 5) Creating a center for experts on each HR issue (HR Expert), which will result in greater depth in the research and development of HR issues, such as

compensation, benefits, and employee relations. Continuous study and improvement will result in awareness of new developments, which will lead to increasingly-beneficial improvements for the organization and employees.

Liker and Meier (2007) have stated that the following principles should be adhered to in human resource management and development:

1) Human resource management and development should conform to the long-term plan of the organization, even though the organization might encounter financial difficulties in the short run, because human resource development is a long-term investment, requiring a long period for developing, cultivating, changing, and improving employees to have the skills and abilities suitable to the needs and plans of the organization.

2) Human resource development is a process that should be improved continuously and constantly in order to keep up with changes and respond to the achievement of the goals and plans of organizations and employees.

3) Management should be encouraged to understand the operations and be able to transfer knowledge to others because supervisors are the best at developing subordinates.

4) The organization should develop and value employees and work teams so that they will have trust and confidence in the management of the organization, which will help with retaining them in the organization.

5) The organization should be developed into a learning organization with emphasis on continuous development and improvement in order to create a good image and to be used as a means to attract new employees, which will make the organization up to date with new developments and allow for the transference of the body of knowledge to the new generation, strengthening human resource development efforts.

Liker and Meier (2007, pp. 123-125) have suggested that in human resource management, creating values should be the first goal of the organization. Human resources that are developed by the organization internally will have knowledge and abilities that are congruent with the needs and culture of the organization. However, one issue is the inability to recruit employees already in possession of ideal characteristics. Thus, the organization must rely on recruiting acceptable candidates

and further developing them to make them knowledgeable and skillful in accordance with the true needs under the values and culture of the organization as best as possible. The organization should also consider the relevant factors below:

1) The organization should acknowledge the rapid and diverse changes in the world. Thus, the strategies used are subject to uncertainty. The organization must be able to adapt to suit the circumstances in order to achieve established objectives.

2) The organization must monitor and evaluate the development of competitiveness in relation to changes and must develop human resources along with building and accumulating knowledge that is applicable to those changes in a timely manner.

3) The organization should recruit needed human resources that are suitable to the business in order to create a competitive advantage for the organization in the future.

4) The organization must mandate human resource development at every level without discrimination because it is a source of strength, increasing competitiveness of the organization.

5) The organization should establish the same human resource development for specialists as that for generalists because all groups are important to the progress and stability of the organization. There should be a human resource development plan that suits the objective of the organization to create competitiveness for the organization.

6) The organization must have a process for building organizational intellects by creating, accumulating, and transferring knowledge from one generation to the next in order to become a learning organization, which is beneficial to the development of human resources.

7) The organization must establish recruitment, development, and retention strategies for human resource management in order to have employees that are suitable to the needs and to keep those employees as valuable resources of the organization.

In conclusion, human resource development during the competition to respond to the different needs of customers, are occurring in the present. Developing the knowledge and skills of employees is not sufficient to enable them to perform their duties to the best of their ability in the absence of “loyalty.” Thus, the organization must also pay attention to and be concerned with retention, rather than just focusing only on development (Rothwell & Arnold, 2005).

2.5.8 The Success of HR Transformation

HR transformation places emphasis on people, such as the attention to the interests and benefits or the work environment of employees, which are factors that drive the determination to transform their roles. However, if the organization does not see the need to uplift or overhaul the human resource management process in the organization to make the people support the business, which means adapting the capabilities of the employees to the changes in the business direction, there will be no drive for HR transformation (Brower & Balch, 2005, p. 159). Organizational development is the management of change. After conducting this for a period, an inspiration for a change on a grand scheme arises, which entails altering the mindset and is often called transformation. Thus, theoretically, HR transformation begins with answering the following questions: Why- Why do we need HR transformation? What- What are the changes? How- How can transformation be performed? And Who-Who will perform HR transformation? HR transformation must be driven by external forces, such as intense competition and economic crises. Without such transformation, organizations will face some problems, influencing the process and design of HR operations. For instance, organizations used to recruit entry-level employees and developed them into higher positions, but with intense competition, the development of people is unable to keep pace with business expansion, making it necessary to hire middle-level employees from the outside to be developed along with existing employees into leadership roles. Thus, it can be observed that there is an influence from the outside, and the business is the main consideration in making the decision to make the organization superior to rivals. Some organizations might begin with facing customers that need better service, which requires them to determine how to respond to these new needs. The design of a new work process is essential and requires people

to change the work procedures and thinking processes so that they can respond to customers' needs (Huselid, Becker, & Beatty, 2005, p. 48).

In the present, intense competition is inducing management to come up with strategies to withstand free-market competition, where the strongest survive. The CEOs have placed importance on people rather than just focusing on generating revenue or on rapidly-changing technology. Nowadays, in order to respond to innovation, human resources must have distinguished qualities with skills and abilities that exceed those of rivals, and the compensation should be competitive. All roles must be integrated with one another. Thus, it is necessary to understand the regulations, changes of roles, and changes in the organizational practices that come with HR transformation, which requires a strategy that transforms the role of the organization so that it will develop with economic growth and survive during crises. The struggle against a competitive crisis involves establishing a compensation scheme that retains and attracts people and having methods and tools for strategic human resource management that can motivate employees and compete with the market without being too much of a burden for the organization (Jardon & Martos, 2012, p. 470).

Walker and McDonald (2001, p. 369) have explained the approach to attaining success in HR transformation as having indefinite steps, but can be summarized as principles. The transactional side involves control through documentation, such as management of benefits and the information of employees. The strategic work is more complex because HR needs to be the center of excellence. Further, Wright, McMahan, Snell, and Gerhart (2001) clarified that HR transformation encompasses 4 major areas: 1) giving advice on operational results to analyze, diagnose, and solve problems from people within the organization; 2) administering and managing organizational ethics to ensure that the organization has work conditions and a culture that support the organizational ethics; 3) managing talents and high-potential employees to create a source of competitive advantage for the organization; and 4) developing and managing change to produce creative impacts on the internal and external environment.

Truss (2008) has remarked that HR transformation is the change from an administrative role to being a strategic partner, a source for creating a competitiveness

that could answer what the organization should have expertise in. Human resource departments should work with management to establish what the organizational edge should be, and must use HR transformation to develop employees with the skills and expertise that are required in order for the organization to achieve or succeed in management, sales and service, marketing, and the communication to understand the needs of customers which would be translated to the skills that are needed.

Ulricd et al. (2009) categorized HR transformation into 3 tasks: 1) talent management: recruiting talent and developing them quickly to replace each management position; 2) engagement: existing employees should have determination and enthusiasm in the work; and 3) culture and structure: employees can work efficiently because organizational cultures, processes, structures, and participation in decision-making are elements that promote success, resulting in efficiency and productivity through congruence between the needs of the organization and those of employees.

Boglund, Hällsten, and Thilander (2011, pp. 576-578) have described that HR transformation must begin with clearly defining the roles in the organization, must assign the responsibility for managing people to supervisors, which influences the performance of the subordinates, must create various tools, such as measurement tools or coaching, and must link with the organization strategy. The management must be supportive of policies, such as through recruitment, training, compensation, and demonstrating the HR transformation, such as using two-way communication to inform everyone of organizational issues constantly.

In transforming the culture to establish new rules, everyone should consider the benefits of the organization as a priority, create beliefs based on the work, work as a team, create trust, strive for results and development, have positive attitudes as a combined force, share knowledge, create a database, and always aim for objectives that are beneficial to the organization. Good morale must be promoted during the transformation when many conflicts are confronted. Thus, supervisors must arrange meetings to have discussions, which is a means to build morale and motivate employees with the progress towards established goals. Management should promote trust in working together and should attract talents to work in HR transformation in order to make management the most efficient. Top management is a key success

factor because without its support, HR transformation cannot succeed (Brockway, 2007, p. 38).

Ulrich and Brockbank (2005, pp. 34-35) have explained that the HR transformation process includes the following issues:

1) HR must first change its role from personnel management to strategic HR management. Otherwise, “people” matters will continue to be separated from “business” matters, and the organization will not be able to use human resources as investments in accordance with human capital management.

2) HR must be in the organization that has a supportive context for being a strategic partner as a fundamental factor. Without this role, HR cannot transform itself on its own by merely making the HR operation more valuable. For instance, the fact that HR implements new technology without any strategic business significance is not considered HR transformation, but is considered improvement in the efficiency of HR.

3) The organization should implement a “three-legged stool” model of HR effectively as appropriate to the organization, even though there are challenges in practice. For example, shared services and centers of excellence are models that are possibly only suitable to large organizations and are not applicable to all organizations. Additionally, there is also an issue with outsourcing HR because external entities do not understand the organizational culture as much as the HR department within the organization.

4) HR must expose itself to other stakeholders and not contain itself within the organization, for example by accessing the needs of external customers. Importantly, HR must understand both the short-term and long-term business strategies, and must be able to cooperate with department managers that will transform the organization through the human resources.

5) HR must understand that HR transformation differs from changing or adapting itself through the implementation of certain management tools. Transformation must entail uplifting and overhauling the human resource management process of the organization to respond to business needs. In other words, transformation does not occur merely because HR does something that adds value to its tasks without transforming in response to business changes.

Further, Sotkiewicz and Jensen (2007) discussed ways to make HR transformation more concrete, reduce costs, increase the competitiveness of the business, and enhance the prospects of business outcomes, as below:

1) Share services: redundant administrative tasks in each unit or organization are consolidated within one unit, such as salary management, management of work attendance, and overtime pay

2) Centers of excellence: a small group of specialists, such as talent management, management of compensation strategies, and management of employees' loyalty

3) Business partners: HR personnel working closely with other departments to implement HR strategies effectively

Therefore, there are various approaches and tools of HR transformation, which include the HR transformation model that has 4 essential components, as shown in Figure 2.7.

1) Business Context: HR transformation should come from business needs

2) Outcomes: benefits that the organization will receive from HR transformation

3) HR redesign: redesigning of the HR department, personnel, and work processes

4) HR accountability: department managers are co-owners of HR transformation



Figure 2.7 HR Transformation Model

Source: Ulrich, Brockbank, and Younger (2009).

2.6 Relevant Research

Cronin et al. (2000) conducted a research entitled “Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments.” The objective was the synthesis and creation of a conceptual framework as a result of research on quality, satisfaction, and consumer behavioral intentions through the development of models of the conceptual interrelationships between the constructs, which could be used to formulate a services marketing theory that can be applied to other service industries. The research model was compared to 3 other competing models. Empirical verification revealed that service quality, service value, and satisfaction may all be directly related to behavioral intentions when all of these variables are considered collectively. Further, the indirect effects of the service quality and value constructs reinforced the effects on behavioral intentions. The literature review mostly relied on services marketing theories, such as service quality, customer satisfaction, service value, TQM, customer satisfaction measurement (CSM), and customer value management (CVM). This research formulated 4 models of the relationships of the constructs to test the hypotheses. The research investigated

six service industries, which were chosen so that the samples varied. The statistical method employed was the LISREL program. Favorable behavioral intentions were when customers:

- 1) Say positive things about them
- 2) Recommend them to other consumers
- 3) Remain loyal to them (i.e., repurchase from them)
- 4) Spend more with the company
- 5) Pay price premiums

Seth, Deshmukh, and Vrat (2005) conducted a study called the “Service Quality Model: a review.” The prices that satisfied customers were the prices that the customers could accept. The acceptance of the technical quality of the service was important to the perception of quality, and created customer satisfaction, affecting the willingness to purchase. At the same time, service quality had an indirect impact on willingness to purchase, product quality, and the perception of the value received. Nevertheless, willingness to purchase was independent of product evaluation, which affected repurchase decisions and word of mouth.

Korapin Kaewthongkam et al. (2006) conducted a research on the factors that impacted the Core Competency program regarding the operational employees of the Head Office of Krungthai Bank Public Company Limited. The result showed that employees with different durations of employment figured different levels of self-development and holistic thinking. Employees with 6-13 years and with 14-21 years of employment had different levels of assessment on self-development from those that were employed for 5 years or less. Employees employed for 6-13 years, 14-21 years, and 22 years or more had different levels of assessment on holistic thinking from those employed for 5 years or less. Further, the examination of the relationship between the factors revealed linear and positive relationships between the variables.

Kraisadis Janchamchoi (2008) conducted a research on the factors that affected the morale of operational employees of Krungthai Bank Public Company Limited in Chiang Mai province. The results of the research revealed that the questionnaire responders had a high level of morale in aggregate in all dimensions. The dimensions can be placed in descending order according to the level of morale in each dimension as follows: governance and administration, organization and

management, colleagues, rewards, and work satisfaction, respectively. In assessing the morale of each dimension, the results are as described below:

For governance and administration, the responders had the highest morale regarding the knowledge and abilities of supervisors.

Regarding organization and management, the responders had the highest morale in terms of feeling a part of the organization.

In terms of colleagues, the responders had the highest morale regarding the ability to get along with colleagues.

For rewards, the responders had the highest morale regarding pride in their work.

For work satisfaction, the responders had the highest morale regarding learning and self-development from their work.

Madu (2009) conducted a research on an examination of the competencies required in the transformation of the human resource professional to an executive management strategic partner in the 21st century. The results of the research revealed that the belief about human resource management was that it provided a competitive advantage. The objective should be to support the performance of employees. The decisions about human resource management had a strategic significance, and human resource policies should be considered with business strategies. Further, the operation of human resource management can vary, and the objective of human resource management differed depending on the labor market conditions, alternatives in competition, and the work habits of employees. Human resource management encompassed many activities. Future implications included outsourcing human resource management to increase organizational efficiency. Additionally, IT developments such as Facebook, Twitter, LinkedIn, Google, YouTube, and online blogs were used for human resource management to recruit new employees, educate employees, and to distribute information more quickly and inexpensively.

Ladhari (2009) conducted a study about service quality, emotion satisfaction, and behavioral intentions. The objective was to test the concepts of service quality, satisfaction, and behavioral intentions. The research primarily used the model of Parasuraman et al. (1988), supplemented with other similar models. Additions from the model of Parasuraman were loyalty recommendation and paying a premium price.

The research used surveys as an instrument to collect data from 209 Canadians that staying at a hotel. There were 8 questions on tangible, 4 questions on reliability, 4 questions on responsiveness, 5 questions on confidence, and 4 questions on communication. Additional questions included a question on recommendations, which asked, “Will you recommend our hotel to friends and relatives?” and a question on paying a premium price, which asked “Will you pay more for our hotel than for other hotels for the benefits you receive from our services?,” and a question on loyalty, which asked “Will our hotel always be your number 1 choice?” Data analysis was done using SEM (structure equation model) with 5 variables: tangible, reliability, responsiveness, confidence, and communication. The conclusion was that service quality affected emotional satisfaction, which had a relationship with behavioral intentions. The service quality was at a good level for all factors and affected the satisfaction of the customers. Regarding the additional questions, the sample provided a positive response for recommendations the most, followed by loyalty, while paying a premium received the least positive response.

Sirintha Sakulwiriayatham (2009) conducted a research on communication for conflict management of labor union in Krungthai Bank. The results of the research indicated that the conflicts within the organization in which the labor union intervened were only between-group conflicts in the form of hierarchical conflicts, which can be categorized into 2 groups: the conflict between employees and management, and the conflict between employees and supervisors. Regarding the type of communication the labor union used to manage the organizational conflicts, the study found that the labor union employed diverse forms of communication, both formal and informal, and both one-way and two-way communication, depending on the objectives. Communication was used to manage the conflicts at each stage of the organizational conflicts. Regarding the factors that affected the success or failure of the KTB labor union’s use of communication to manage internal conflicts, the key success factors were personal factors and relational factors, such as the good characteristics of the representatives from the KTB labor union in terms of work position, work experience, and negotiating skills. Additionally, the representatives from the KTB labor union had good relationships with the bank’s representatives and external parties. Further, the organizational structure and culture promoted mutual dependency and

compromise. These cultural factors resulted in the ability to resolve any internal conflicts through the use of communication without the escalation of violence. The factors that led to failure in the use of communication to resolve internal conflicts were difficult to control because they were cultural factors such as the process that relies upon top management for decision-making and or upon the decisions of external supervisory organizations, or because they were external factors such as the weak economic conditions.

Chanapha Jarawatena (2010) conducted a research entitled the “Effects of Retail Employees Behaviors on Customers’ Services Evaluation.” The objective of the research was to test how the model was influenced by service, employees’ behaviors, service quality, service experience, value, satisfaction, and behavioral intention. The sample used in the research was customers of supermarkets. Surveys were used to collect data. In order to test the hypothesis from the structural equation, the LISREL Version 8.7 program was used to investigate data on service, customers’ behaviors, the positive relationships between SEQ and SQ, the satisfaction with behavioral intention, and the value of satisfaction. The research results showed that service quality affected consumers’ perceptions, customer satisfaction affected the behavioral intention of consumers, and service quality affected the behavioral intention of consumers. Another critical point of the research was the customers, and that the service would affect the appraisal of the value of that service, which was the basis for the research on the selection and training of employees that faced the customers directly, providing a direct influence on the total value of the service. Service quality affected the expectations of customer satisfaction relatively significantly, and influenced the behavioral intention of customers. The results of this research can be evaluated and applied as a service model for measuring the quality of loyalty generally at the global level.

Krstevska (2010) conducted a research entitled “the Transformation of Human Resource into Human Capital: Base for Acquiring Competitive Advantage”. The finding was that the changes in human resources began the increase in the significance of the human resource department, from recruiting and organizational management to covering all activities related to human capital, which included strategic management, human resource management, knowledge management,

organizational development, social responsibility, skills management, recruitment, and employee relationship development. The objective is to manage employees in the organization to ensure that they had abilities, skills, and involvement. Human resource management methods were widely discussed, and the difference between the approaches in the United States and those in Europe was acknowledged. This would lead to diverse human resource management methods among countries and cultures. There would be an increase in the focus on the individual and the increased autonomy in business would affect human resource management.

Nuttha Boonyingyong (2010) conducted a research on the opinions of the factors that affect the organizational loyalty of KTB employees in Samut Sakorn province. The survey responders were married females aged 41-50 years, with a bachelor's degree or equivalent, 21 years of employment, and a salary of 50,001 baht or above that held management positions in customer service. The results of the survey on the opinions of the factors that affect organizational loyalty were "strongly agree" for work factors, followed by organizational factors, human resource development factors, and leadership factors. The organizational factors that received the 2 highest average agreement scores were: "The bank creates an environment and provides tools and equipment that support the work," followed by "The bank communicates policies and strategies to all departments in the organization." The work factors that received the 3 highest average agreement scores were: "The bank's employees can accomplish the work as well as their colleagues," followed by "Employees consider their work appropriate to their knowledge, abilities, and skills," and "Employees think that their work makes them reputable and accepted in the society." The human resource development factor that received the highest average agreement score was: "The bank has a complete plan for human resource development for each position, which covers all roles." The leadership factors that received the 3 highest average agreement score were: "Employees are willing to work on tasks assigned by supervisors," followed by "Supervisors are approachable and provide advice and guidance on career advancement and development to employees," and "Supervisors communicate expectations regarding the work to each employee in each department."

Jitwadee Auraiwong (2011) conducted a research on customer satisfaction in using the service of KTB's Srichand branch in Khon Kaen province. The finding was that all service marketing-mix factors, distribution, physical evidence, product and service, process, efficiency and quality of the service, people, promotion, and pricing, all had high levels of satisfaction. The result can be applied to creating a marketing plan for products and services, distribution, promotion, the personnel that provide the service, and physical presentation of the services.

Median (2011) conducted a research on the analysis of the difference between Islamic Bank and commercial banks in Thailand under the financial liberalization policy and summarized the research results concerning the operation of Islamic Bank of Thailand. The important roles, functions, or missions were: 1) provides comprehensive financial services consistent with Islamic laws to investors, business operators, and the general public; 2) promotes raising deposits, which is a low-cost source of capital and is a mechanism to drive investments in the economy; 3) is a center for connecting cross-border trade and investment; and 4) is a bank for the society and the community. Under financial liberalization, competition becomes more intense. The interest rates on loans and deposits are lower, which will help the business sector with loans from financial institutions by lowering their interest burden. This is a good outcome for the production and investment in the economy. Each bank has to compete more to attract customers, making it necessary for financial institutions to improve the quality of their services and to increase their attention to and consideration of the needs of customers. This leads to the development of new services that better meet the needs of customers. Competition among financial institutions also encourages financial institutions to use the resources and factors of service production more efficiently. Additionally, more knowledge, experience, and new technology from abroad can be imported to develop domestic financial institutions in aspects such as service, marketing, management, or risk management. Thus, the emergence of Islamic Bank would increase competition for domestic financial institutions, inducing various financial institutions to improve their service and quality, which is beneficial to investment, production, and to the economy.

Wannipha Chantasri (2012) conducted a research on the factors that affect the performance of the employees of Krungthai Bank Public Company Limited in

Lampang province. The results were: for the responsibility aspect, employees were on time frequently, and often finished their work on time; for the self-development aspect, employees occasionally attended trainings and seminars, and often learned through electronics media (KTB e-Training); in terms of the work characteristics, employees often used their skills and abilities in their work, and often used creativity; for the bank's benefits aspect, employees occasionally claimed medical expenses, and sometimes took vacation leaves. In the study of the factors that affect performance, for the factors in both dimensions, which were social and economic, the most important ones were job security and good relationships with colleagues; the highly-important ones were a good environment, compensation in financial terms, work satisfaction, and opportunity for career advancement; and the moderately-important ones were non-financial compensation and responsibility for work. The average important score was high at 3.91. The most significant problems and obstacles in the operation of the sample in each area were:

Career opportunity: the annual salary adjustment process was unfair

Work satisfaction: the work performed did not agree with the knowledge and skills of employees

Good relationship with colleagues: when issues arose in the department, there was no collaboration in solving the problem

1) Financial compensation: annual increase of salary was too low or inappropriate

2) Non-financial compensation: support for talented employees was inadequate and inappropriate

3) Employment benefits: the amount of medical expenses that could be claimed was too little. For the social problems and obstacles, work satisfaction was the most significant among the 3 areas. For the economic dimension, non-financial compensation was the most significant problem among the 3 areas.

Rathira Wanpongsapak (2012) conducted a research on the quality of the work life of employees in the branches of KTB's north 1 group that operated 7 days. 1. Most questionnaire responders had the following characteristics: female (72.2 percent), age of 20-30 years (64.8 percent), single (66.7 percent), the highest education level of a bachelor's degree (82.1 percent), holding officer position (70.4

percent), average salary of 15,001-30,000 baht (54.4 percent), duration of employment of 1-5 years (45.7 percent). The 6 factors were physical, mental, social relations, environmental, spiritual, and life security. The quality of the work life of employees had a positive relationship with the mental factor and with the social relations factor at the significance level of 0.01. Further, mental, social relations, environmental, spiritual, and life security factors had an overall relationship with quality of work life at a significance level of 0.05. The relationship was positive, with a correlation value of 0.759. Overall, the factors could forecast 57.60 percent of the quality of work life. Additionally, life security and social relations could forecast the overall quality of worklife, with the standardized regression coefficient of $\beta=0.895$ for life security and the standardized regression coefficient of $\beta= 0.584$ for social relations. The employees regarded the levels of the 6 factors of the quality of work life, which were physical, mental, social relations, environmental, spiritual, and life security, as high, and also deemed the level of the quality of life as high. The factor that received the highest average score was the mental factor, followed by the spiritual factor, the social relations factor, the physical factor, the environmental factor, and the life security factor.

Aghayari, Harandi, Iranpoor, and Sharifi (2014) conducted a research entitled “Obstacles of Transformation of Human Resource with an Emphasis on Cultural Organization”. The finding was that managing employees and experienced professionals in accordance with business goals requires changing from traditional human resource management. Human resource management today necessitates a greater focus on strategy, which is affected by the global business environment and intense competition, necessitating constant changes in organizational structure that lead to changes in human resource management to become more efficient.

Aneta, Akib, Kadji, and Basri (2014) conducted a research entitled “Organizational Transformation: the Revitalization of the Role and Function for Human Resources”. The objective was to comprehend the complex changes from the perspectives of human resources, consequences, and changes in the human resource department. Human resource management will have a critical role in both private and public enterprises. Failure in human capital management will lead to failure of organizations to compete and to the end of organizational management. Leaders must

make the most out of employees by encouraging them to change their behaviors from the past, leading to development of high-quality products and services for the market. In order to succeed, HR operations must be integrated, and must conform to the objectives and strategies of the organization to create efficiency.

Manley, O’Keefe, Jackson, Pearce, and Smith (2014) conducted a research on a shared purpose framework to deliver person-centred, safe, and effective care for organizational transformation. The finding was that continuous changes in the world affect organizations, which need to adapt to meet the needs of the society. A number of organizations face challenges that are crucial to competing in the market. The best method to increase competitiveness is to create efficient organizational structure with human resources that have specialized skills, for example through the human resource department, which is responsible for managing the human capital of the organization to achieve the organizational goals and strategies and whose role has become more enhanced. Human capital plays an important role in organizational success. Thus, the human resource development should be carried out comprehensively, from receiving applications to training and development, in order to make employees motivated and dedicated to their work.

Duppada and Aryasri (2011) conducted a research entitled “Human Resources Transformation Beyond Boundaries in Outsourcing Business Model—Expatriate Benchmarking”. The research finding was that HR transformation is a fairly new trend in business operations, which is a consequence of the environment and has worldwide influences. Human resource factors should be connected with organizational changes. The operational obstacles that must be overcome include integration related to the problem of coordinating between department managers and employees, which requires establishing clear roles for both parties in order to improve the quality of work. There should be changes and the design of organizational human resources, and the support for the new perspectives on human resource management related to international human resource management and activities in the global context. These forces induce organizations to adapt to the environment of human resource management, which should be innovative in order to catch up with external changes.

2.7 Conceptual Framework of the Research

From the concepts, theories, and relevant research obtained from literature review, the researcher has formulated a framework that demonstrates the causal relations for human resource transformation and competitive advantage and involves a case study of Krungthai Bank. This framework contains 5 elements the organizational culture factor, service quality, human resource management and development, competitive advantage, and HR transformation to create competitive advantage for Krungthai Bank.

According to the literature review, the researcher was able to generate a research framework that competitive advantage of organization is affected from organization culture, service quality and also human resource management and development. Furthermore, competitive advantage itself can affect HR transformation to create a competitive advantage for Krungthai Bank. Additionally, organization culture, service quality, and also human resource management and development can indirectly affect HR transformation to create a competitive advantage for Krungthai Bank. The above factors are illustrated as the research framework in Figure 2.7.

Explanations of the symbols

 Represents observed variable

 Represents latent variable

 represents a causal relationship in which the variable at the tail of the arrow causes a direct change in the variable at the head of the arrow

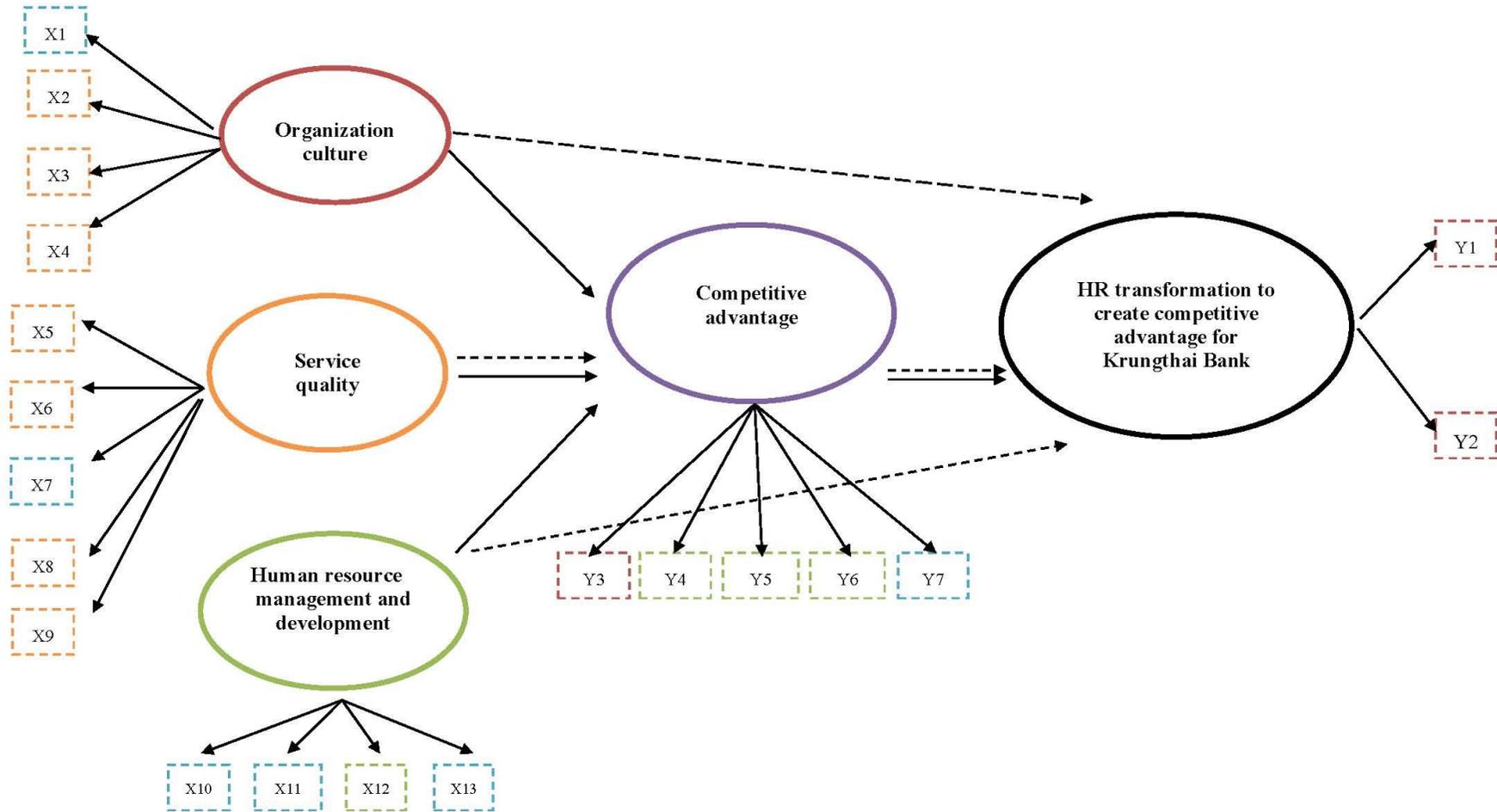


Figure 2.8 Research Framework

2.8 Hypotheses of the Research

Since the conceptual framework that demonstrates the relationships among the aforementioned variables can present analysis of influence, the following hypotheses were formed:

Hypothesis 1 Organizational culture has a positive influence on competitive advantage.

Hypothesis 2 Service quality has a positive influence on competitive advantage.

Hypothesis 3 Human resource management and development have a positive influence on competitive advantage.

Hypothesis 4 Competitive advantage has a positive influence on HR transformation to create a competitive advantage for Krungthai Bank.

Hypothesis 5 Organizational culture has an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.

Hypothesis 6 Service quality has an indirect influence on HR transformation to create a competitive advantage of Krungthai Bank.

Hypothesis 7 Human resource management and development have an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.

CHAPTER 3

RESEARCH METHODOLOGY

The research on HR transformation and competitive advantage with reference to Krungthai Bank in Thailand used mixed-methods approach, which means that the researcher examined the documents and reviewed the literature after formulating the conceptual framework, theory, and hypotheses of the research. Both quantitative and qualitative research methodologies were used to obtain the knowledge, facts, and findings to meet the objectives of the research.

3.1 Qualitative Research

The researcher obtained information from the examination of documents and additional information from in-depth interviews with relevant professionals, which helped with refining the conceptual framework and forming hypotheses that were beneficial to the research and to the determination of the causal factors that should be prioritized for development and that should be used as instruments for the HR transformation and competitive advantage of Krungthai Bank. Synthesis and content analysis of the information were performed to improve the causal factors and the effectiveness of HR transformation and competitive advantage of Krungthai Bank so that the process would be more accurate and complete.

3.1.1 Key Informants or Experts

The researcher defined the sample or the group of informants as the top management of entities in the public sector, such as the Ministry of Defence, Krungthai Bank, related associations and institutions, major customers, and academics. The sample size was 20. The researcher selected purposive sampling and used in-depth interviews to investigate the causal factors that the key informants placed importance on in developing and being used as instruments to enhance the HR

transformation and competitive advantage of Krungthai Bank. In determining the appropriate sample size, the research mainly relied on the saturation of the data. Evidence of the saturation of data can be seen when similar information is given by different key informants over and over to the point that additional key informants will not provide new data. Data collection from key informants should clearly offer key information, and will be sufficient when the increase in the number of key informants or a change in data collection methods would not change the results. Therefore, the researcher should collect data until saturation before analyzing and summarizing the results. Further, the researcher should select key informants that have the potential to offer good data. These operations should be evidence of the sufficiency of the data for the analysis (Supang Chantavanich, 2009, p. 76).

Further, purposive sampling offers in-depth yet well-rounded information regarding the research issues, while the content analysis of the individual interviews and observation enhances reliability. In conducting field research, the researcher must examine all of the variables temporarily assumed to be causes and effects within the conceptual framework to serve as a preliminary guideline for the research, which can readily be revised according to the facts obtained from the key informants of the research.

3.1.2 Data Collection Tools

For the qualitative research, in-depth interviews were the data collection tool. The design of the main questions came from examining relevant theories, concepts, and research, as well as from the research questions. The interviews had to cover the desired issues. Below are the steps for the creation of data collection tools (Boonchum Srisa-ard, 2000, p. 62),

- 1) Examine relevant theories, concepts, and research
- 2) Use operational definitions established according to the conceptual framework as a guideline for the development of interview questions to cover the operational definitions
- 3) Request approval of the interview questions from the dissertation advisor

- 4) Bring the approved interview questions to experts for further inspection
- 5) Test for content validity
- 6) Obtain interview questions that have passed the test for content validity to be used as the structure for the interviews of the key informants specified in the research

The data collection through in-depth interviews was semi-structured. The interviewees could express their views freely in casual conversations, responding to the main questions that covered the issues from the conceptual framework. Since this research emphasized in-depth investigation, in order to acquire information from relevant individuals for analysis, the research instruments were categorized into 3 groups (Creswell, 2003).

Data collection tools: data can be collected and processed from many recording media, such as notebooks, recording devices, cameras, computers, letters, and observation forms. Qualitative data collection requires time for collecting the data and understanding the theories and research methodologies. Regardless of the collection methods, the data must be converted into written message to facilitate the analysis and the writing of the report. The aforementioned data must be organized and stored in the database for further analysis.

In-depth interviews: the researcher developed the interview issues diligently and used them as tools to improve the HR transformation and competitive advantage of Krungthai Bank. The in-depth interviews were all semi-structured, and the interview questions were specified (Suvimol Thirakanon, 2005) and the interviewees were allowed to express their opinions.

Data analysis tools: the tools for the analysis in this qualitative research were textual analysis, supplemented by contextual analysis, and content analysis in order to understand the concepts and the relationships among them.

3.1.3 Data Collection

The researcher studied various theories and reviewed relevant literature from secondary sources in order to obtain basic knowledge for the research and to be used for the development of the conceptual framework. Then, the researcher collected

qualitative data from in-depth interviews with 20 key informants. Initial contacts were made to request in-depth interviews individually. The interview questions were prepared according to the specified structure so that they remained consistent with issues that needed to be explored, covering “facts,” “opinions,” and “recommendations.” The researcher collected the data himself using recordings along with note taking to acquire the data, facts, opinions, and recommendations of the key informants (Hakim, 2000).

Additionally, data collection from the field and preliminary analysis were done together. There were 2 forms of data collection, individual interviews and observations. This method of data collection simultaneously validated the data through the triangulation method, and then the key findings were extracted. To begin, individuals were selected according their potential to provide the most information. The schedule was planned in advance. The interviewees were allowed to express their views freely within the scope of the research. The researcher was the note taker and the observer at the same time during the conversations. The atmosphere of the interviews had to be casual, and the interviewer should not express his own opinions but should allow the interviewees to express their views fully and should take copious notes about the interviewees. The reduction in the error range as a function of the increase in the number of professionals included in the research is shown in Table 3.1 (Stufflebeam, 2002).

Table 3.1 The Number of Professionals Included in the Research and the Reduction of Error

Number of Professionals (persons)	Error Range	The Reduction of Error
1 - 5	1.02 - 0.70	0.50
5 - 9	0.70 - 0.58	0.12
9 -13	0.58 - 0.54	0.04
13 -17	0.54 - 0.50	0.04
17 - 21	0.50 - 0.48	0.02
21 - 25	0.48 - 0.46	0.02
25 - 28	0.46 - 0.44	0.02

The list of professionals is shown in the Appendix.

3.1.4 Data Validation

Data validation was performed after the data collection was done in order to meet the research objectives. The researcher performed data validation in 2 ways:

1) Regarding the data from the documents: the researcher validated the same data from several sources to determine consistency and agreement.

2) Regarding the data from in-depth interviews: the researcher validated the data by asking different individuals the same question, comparing the responses with the data from the various documents, academic articles, reports from seminars, and research reports. Additionally, data were obtained from observations so that the reliability and accuracy of the data could be determined using the triangulation method (Supang Chantavanich, 2009, pp. 128-130).

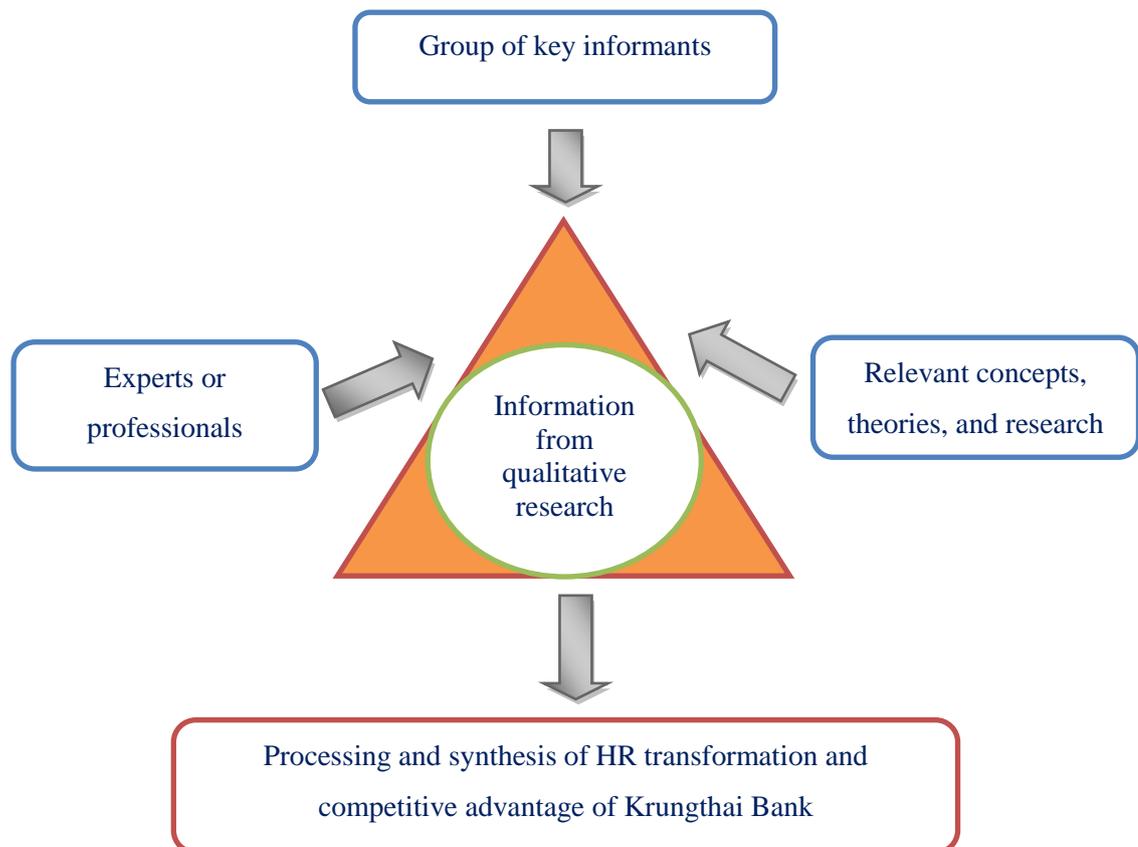


Figure 3.1 Data Validation

3.1.5 Data Analysis

In performing the data analysis, the researcher identified the contents of the data and categorized them according to the objectives and the issues of the interview in order to validate their accuracy before performing the content analysis. Comparisons with concepts and theories were made so that the contents would be presented completely and clearly, making the HR transformation and competitive advantage of Krungthai Bank concrete. Empirical data were used to support the beliefs, assumptions, or objectives, and as evidence for the interpretation of social facts. Qualitative research mostly depends on spontaneous events and the wit of the researcher in making decisions. Data analysis comprises data processing, data analysis and interpretation, and the presentation of research results (Suchart Prasitrat, 2011).

Theories from qualitative research can be grounded theory. Thus, theories from qualitative research always agree with field observations. In addition, the interpretations according to grand theory are used to explain social facts (Patton, 1990, p. 47). Data analysis for the research was performed 2 times, including the data analysis in the field and the data analysis to form conclusions. Data analysis in the field was done simultaneously with the data collection, and the researcher had to study and clearly understand the various concepts, variables, and relevant theories in order to understand the data and to be able to digest the data from the key informants. At this level, the analysis should indicate the following: 1) whether the data are within or outside the scope, and to which group of variables they belong; 2) whether the saturation of data has been reached.

The objective of the test of the data obtained should be to determine the reliability, completeness, and quality of the data. The reliability of the data can be determined using triangulation. This research used methodological triangulation by collecting the data through different methods, which means that the data from the interviews, observations, and examination of the documents were cross-verified.

When the relevant parts were in the form of variables, conclusions could be made using supporting data from the documents, interviews, and observations to explain those variables. They were also summarized to facilitate understanding (Supang Chantavanich 2009, p. 138). Since the researcher assessed that this research

was relatively abstract, in order to make it simpler and more practical, the analysis results that were abstract were processed into tangible forms and integrations were made to develop the model for the HR transformation and competitive advantage of Krungthai Bank.

3.2 Quantitative Research

The research used descriptive research and data analysis of the HR transformation and competitive advantage of Krungthai Bank. The researcher collected relevant data in order to perform the statistical analysis of the results and to determine the relationships among the various variables that constituted the model of the mathematical equation that was used to find the relationships among the various factors that led to the effectiveness of HR transformation and competitive advantage of Krungthai Bank. Details are described below.

3.2.1 Sample Size

- 1) In this research, the sample was the personnel of Krungthai Bank.
- 2) Data collection for the HR transformation and competitive advantage of Krungthai Bank was from May 1, 2016 to July 31, 2016.
- 3) The sample size was 400 individuals. The determination of the sample size and the sampling method took into account the research methodologies in order to obtain findings that met the research objectives. The quantitative research used a questionnaire as a data collection tool to investigate the HR transformation and competitive advantage of Krungthai Bank. In selecting a sample, it should be representative and sufficient. In determining the sample size, since the population of the research could not be specified with certainty, it was appropriate to use a formula for calculating the sample size as the population was not known with certainty. The confidence level was set at 95% with an error rate not exceeding 5% (Boonchum Srisa-ard, 2000, p. 54).

For	n	represents sample size
	B	represents error rate
	Z	represents Z-score, depending on the confidence level
	P	represents the probability for the population
	q	represents 1-P

This research set the confidence level at 95%, $Z = 1.96$.

In the case that P is unknown, Pq will have the highest value when $P=0.5$.

$$\text{From formula } n = \frac{Z^2 Pq}{B^2}$$

At confidence level of 95%, $Z = 1.96$ and let $B = 0.05$

$$\begin{aligned} \text{Then } n &= \frac{(1.96)^2 (0.5) (1-0.5)}{(0.05)^2} \\ &= 385 \text{ people} \end{aligned}$$

According to the calculation, the result was a sample of 385, with an additional margin of 4% (15 people) to provide for the cases where the sample made mistakes in responding to the questionnaires, which influences their reliability. Thus, the total sample size was 400. Convenient sampling was chosen as the sampling technique in order to obtain the required sample appropriate for further processing.

Further, the determination of the sample size was assessed relative to the statistics used in the data analysis, which was structural equation modeling (SEM). Generally, the proportion of the sample to the number of independent variables that would allow for generalizing the research results to the population should be 15-20:1. In this research, the proportion of the sample and the number of observed variables was 20: 1. There were 3 independent variables and 2 dependent variables, making up a total of 5 variables. There were 20 observed variables. Thus, the sample size had to be less than 400. Thus both methods of sample size determination yielded the same result of 400 (Suchart Prasitrat sin et al., 2006).

3.2.2 Data Collection Tools

Questionnaires were used to collect the data, which included questions about opinions about the level of importance of issues related to the HR transformation and competitive advantage of Krungthai Bank. The format of the questionnaires was a rating scale. In selecting the questions, they were analyzed according to item response theory. Reliability or internal consistency was determined to test the construct validity of the tools (Hall & Hall, 1989).

Questionnaire

Part 1 was comprised of questions about the general information of the respondents, which were gender, age, education, work experience, and current position. The format was a checklist.

Part 2 comprised questions about the causal factors of the HR transformation and competitive advantage of Krungthai Bank using a five-point Likert-type scale with “agree with the most” receiving a score of 5 and “agree with the least” receiving a score of 1.

Part 3 comprised the open-ended questions that allowed the respondents to offer their opinions freely in addition to Part 1 and 2.

For the interpretation of the average scores, the researcher used class interval in accordance with the following evaluation criteria.

Average of	4.21 and above	means	agree with the most
Average of	3.41 – 4.20	means	strongly agree with
Average of	2.61 – 3.40	means	fairly agree with
Average of	1.81 – 2.60	means	slightly agree with
Average of	1.00 – 1.80	means	agree with the least

3.2.3 Data Collection

The researcher collected the data for analysis by contacting the individual to schedule an appropriate date and time to complete the questionnaires to obtain the data covering the research objectives. The data collection from the questionnaires had to include 400 people.

3.2.4 Steps in Creating the Tool

The steps in creating the questionnaire were:

- 1) Examine documents and relevant research and conduct preliminary interview about the HR transformation and competitive advantage of Krungthai Bank
- 2) Create questionnaire according to conceptual and theoretical definitions. The questionnaire was tested for content validity and accuracy of language by the advisor and 3 experts that were knowledgeable and that worked in fields related to the research, and adjustments were made
- 3) Have the questionnaire evaluated by 3 professionals for agreement with and coverage of the research objectives
- 4) Determine the reliability of the research questionnaire in finding relationships

3.2.5 Test of the Quality of the Research Instruments

The researcher tested the validity and reliability of the questionnaire in order to improve its clarity and appropriateness as follows:

1) Test for Validity

(1) The researcher tested the quality of the research instruments through confirmatory factor analysis in order to substantiate the appropriateness and accuracy of the components of the causal factors of the HR transformation and competitive advantage of Krungthai Bank

(2) The researcher tested the quality of the research instruments by subjecting the questionnaire to content validity with 3 experts and the advisor, and calculating the index of item objective congruence between the questions and the research objectives (Nonglux Viratchai, 2000). The calculation was as follows:

$$\text{Formula IOC} = \frac{\sum R}{N}$$

When

IOC = index of item objective congruence

R = point from experts opinion each question

N = number of experts

The scores provided by the experts were established as follows:

- +1 means the question agrees with the research objective or operational definition
- 1 means the question does not agree with the research objective or operational definition
- 0 means uncertain whether the question agrees with the research objective or operation definition

Interpretation of the index was below:

$IOC \geq .50$ means the questions agree with the research objectives

$IOC < .50$ means the questions do not agree with the research objectives

2) For the test for reliability or internal consistency with coefficient of Cronbrach's alpha by testing questionnaire with the sample. Questions with $\alpha = .70$ and above were considered reliable (Boonchom Srisa-ard, 2000).

3) After the tools were tested, they were considered for improvement so that they were complete, clear, and accurate in accordance with the research objectives before being used with the sample.

3.2.6 Results of the Reliability Analysis of the Questionnaire

The researcher conducted a test on the reliability of the questionnaire (Suchart Prasitratsin, 2011). In this research, the researcher used Cronbrach's alpha. The result was that all of the variables had values above 0.60, which were acceptable and revealed that the questionnaires had reliability in all factors. The reliability values for each factor were as follows

Table 3.2 The Reliability Value for Each Factor

Factors	Reliability Value	Factors	Reliability Value
Clan culture	.893	HR development	.881
Hierarchical culture	.884	HR retention	.873
Adhocracy culture	.856	Strategy	.860

Table 3.2 (Continued)

Factors	Reliability Value	Factors	Reliability Value
Market culture	.879	Structure	.884
Service tangibles	.857	Systems	.860
Service reliability	.859	Style	.846
Responsiveness	.866	Goal	.843
Assurance	.862	Customer satisfaction	.856
Empathy	.882	Organizational effectiveness	.864
HR planning	.856		

3.2.7 Statistics Used in the Data Analysis

The data from the questionnaires were analyzed according to established objectives using the statistical package SPSS. The statistics used included percentage and frequency of the sample, and means (\bar{X}) and standard deviation (S.D.) of the ratings concerning the HR transformation and competitive advantage of Krungthai Bank. The statistics for testing the hypotheses tested the difference between the means of the 2 populations (t-test) and F-test, One-way ANOVA for more than 3 populations. The statistical significance was set at 0.05. The correlation analysis was performed using correlation and path analysis (Sirichai Pongwichai, 2007, p. 114). The analysis and interpretation of the ratings of respondents followed the methods below:

5	means	The highest rating
4	means	High rating
3	means	Moderate rating
2	means	Low rating
1	means	The lowest rating

The criteria for assigning the average ratings for each level followed the formula to calculate.

Table 3.3 Criteria for Assigning Average Ratings

Interval (Average)	Meaning
1.00 – 1.80	The lowest rating
1.81 – 2.60	Low rating
2.61 – 3.40	Moderate rating
3.41 – 4.20	High rating
4.21 – 5.00	The highest rating

Analysis using inference statistics to test the hypothesis

1) Analysis of Variance: ANOVA

Analysis of variance is a statistical method used to test the differences between the means of two or more independent variables. By analyzing the dependent variable in which are interval scale or ratio scale, the variances of the means were tested with the f-test.

2) Determine the relationships between the variables using pearson product moment correlation coefficient and indicating the directions (positive or negative) of the causal factors (Sirichai Pongwichai, 2007, p. 280)

3) Factor analysis using confirmatory factor analysis to substantiate the appropriateness and accuracy of the components of the causal factors concerning the HR transformation and competitive advantage of Krungthai Bank

4) Path analysis to determine the path and direction of the relationships between the variables that were the causes and effects in the HR transformation and competitive advantage of Krungthai Bank

5) Analysis of the causal relationships between the variables using the structural equation model (SEM), which tested the hypotheses and answered the research objectives, to study the causal factors of the HR transformation and competitive advantage of Krungthai Bank

6) Analysis of the relationships between the variables in the research and the analysis of the causal factors of the HR transformation and competitive advantage of Krungthai Bank using the SEM. The LISREL program package was used.

The goodness of fit test for the congruence between the hypothetical model constructed by the researcher and the empirical data was considered according to overall fit, as shown in Figure 3.2 (Supamas Aungsuchot et al., 2005, pp. 122-123).

The analysis of the data using the LISREL model involved the following procedures:

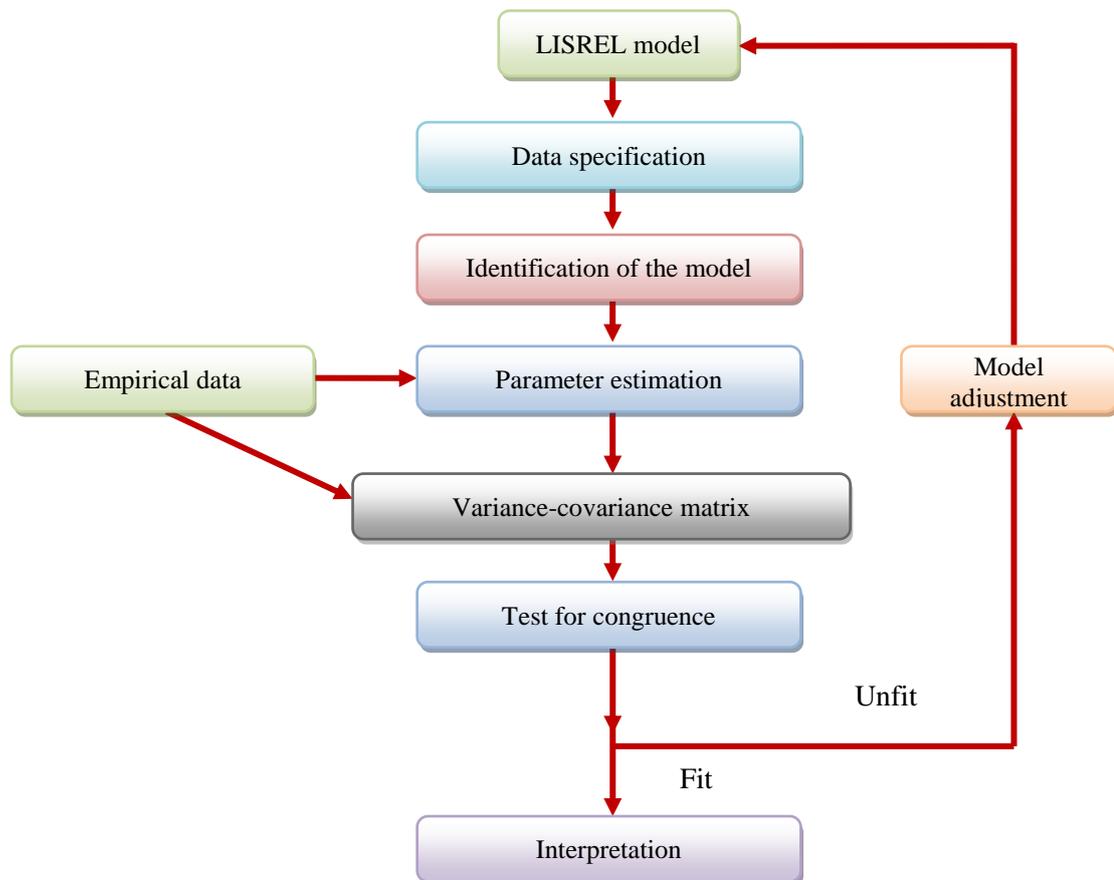


Figure 3.2 Steps in the LISREL Model Analysis

Source: Nonglux Viratchai, 2000.

The parameters of the model were estimated overall using factor analysis and path analysis simultaneously. Analysis of congruence between the model and empirical data was performed and the index of item objective congruence was reported (Nonglux Viratchai, 2000, p. 134). Figure 3.3 presents the steps in the analysis.

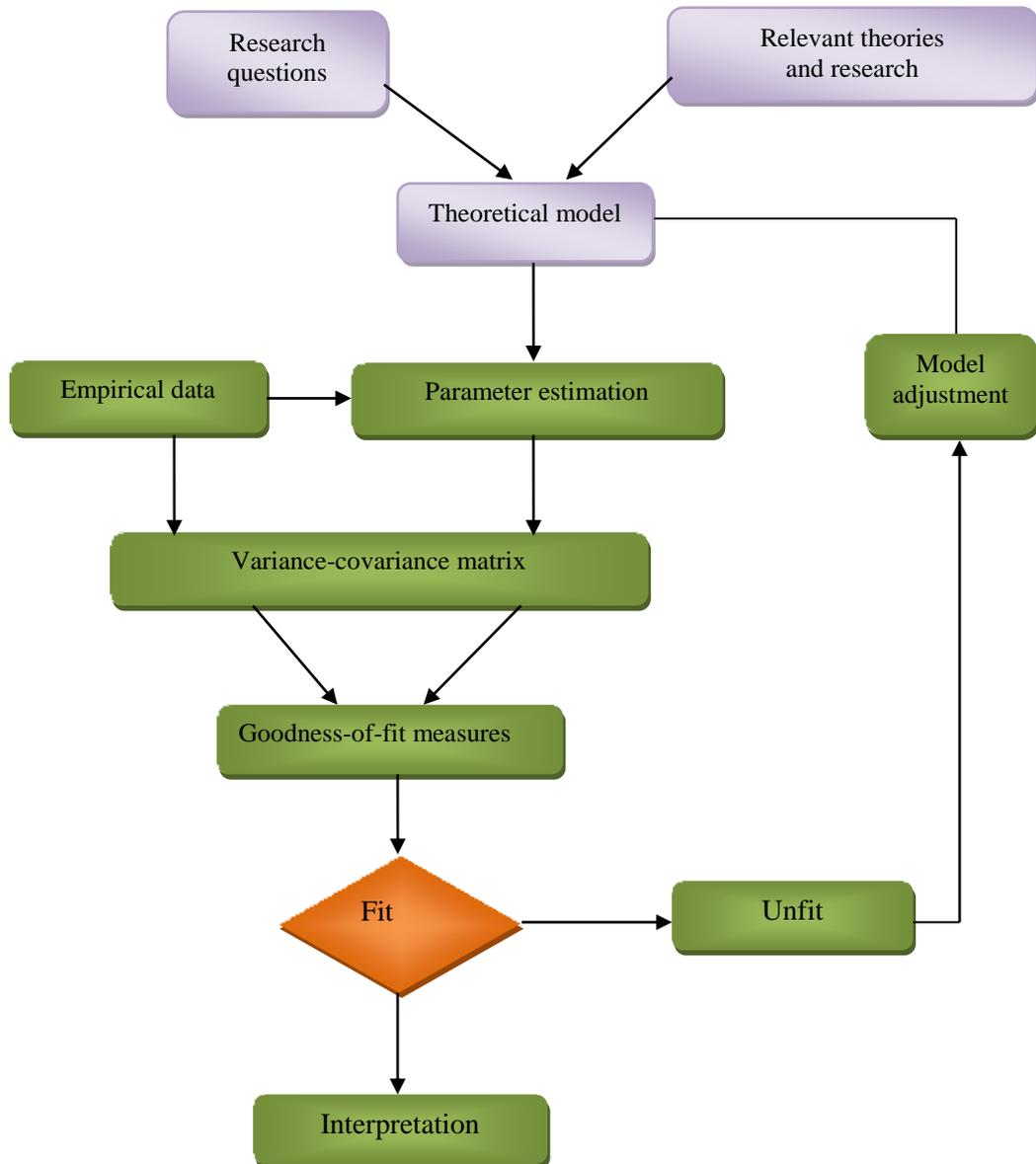


Figure 3.3 Procedures of the LISREL Model

Source: Nonglux Viratchai, 2000.

3.2.7.1 Data Analysis Structure Equation

Analysis of the research data was divided into 4 phases: preliminary analysis, analysis of the difference of the means, analysis of the relationships among the variables, and analysis of the model congruence. The analysis approach and statistics used were as follows (Suchart Prasitrat, 2011, p. 130):

1) Preliminary analysis using descriptive statistics to explain the HR and competitive advantage of Krungthai Bank and the research variables using SPSS for Windows program version 22

(1) Analysis of the basic statistics for the general information of the respondents, which included frequency and percentage

(2) Analysis of the mean (\bar{x}), standard deviation (S.D.), skewness, kurtosis, and coefficients of variation (C.V.) of the observed variables that were used in the analysis of the causal model to determine the distribution of the variables

2) Analysis of the difference in the ratings of the sample through the test of the difference in the means of the 2 populations (t-test) and the one-way ANOVA test using the SPSS for Windows program version 22.

3) Analysis of the relationships among the observed variables that were used in analyzing the causal model related to the HR transformation and competitive advantage of Krungthai Bank through the analysis of Pearson's product-moment correlation coefficient using SPSS for Windows program version 22.

4) Analysis of congruence between the theoretical model created by the researcher and the empirical data for the HR transformation and competitive advantage of Krungthai Bank, along with the calculation of the sizes of the direct and indirect influences using the LISREL program version 8.80.

After the data passed the test, the conceptual framework was subject to a quantitative test through path analysis with reliance on program linear structural relationship model or LISREL Model of the HR transformation and competitive advantage of Krungthai Bank.

3.2.7.2 Hypothesis Testing

The hypothesis testing involved the following steps:

1) Analyze the basic data to ascertain the features of the sample through descriptive statistics using a package program to obtain basic statistics, which were percentages, means, and standard deviations

2) Test the hypothetical structural model of the causal relationships to determine the congruence between the model and empirical data using LISREL Version 8.80, which was the analysis of the goodness of Fit. The results were

the ratio of the chi-squared to the degrees of freedom (χ^2/df), the root mean square error of approximation (RMSEA), the relative fit index, which included both the normed fit index (NFI) and comparative fit index (CFI), and the standardized root mean square residual (SRMR). This research did not analyze the fit between No caps model and empirical data using chi-squared (χ^2) even though it is a popular index because the analysis using the chi-squared (χ^2) has limitations when n is large, which will give such a high value for the chi-squared that accurate conclusions cannot be drawn.

3) Analyze the relationships of the HR transformation and competitive advantage of Krungthai Bank from the structural relationship model using LISREL version 8.80 research procedures in Figure 3.4

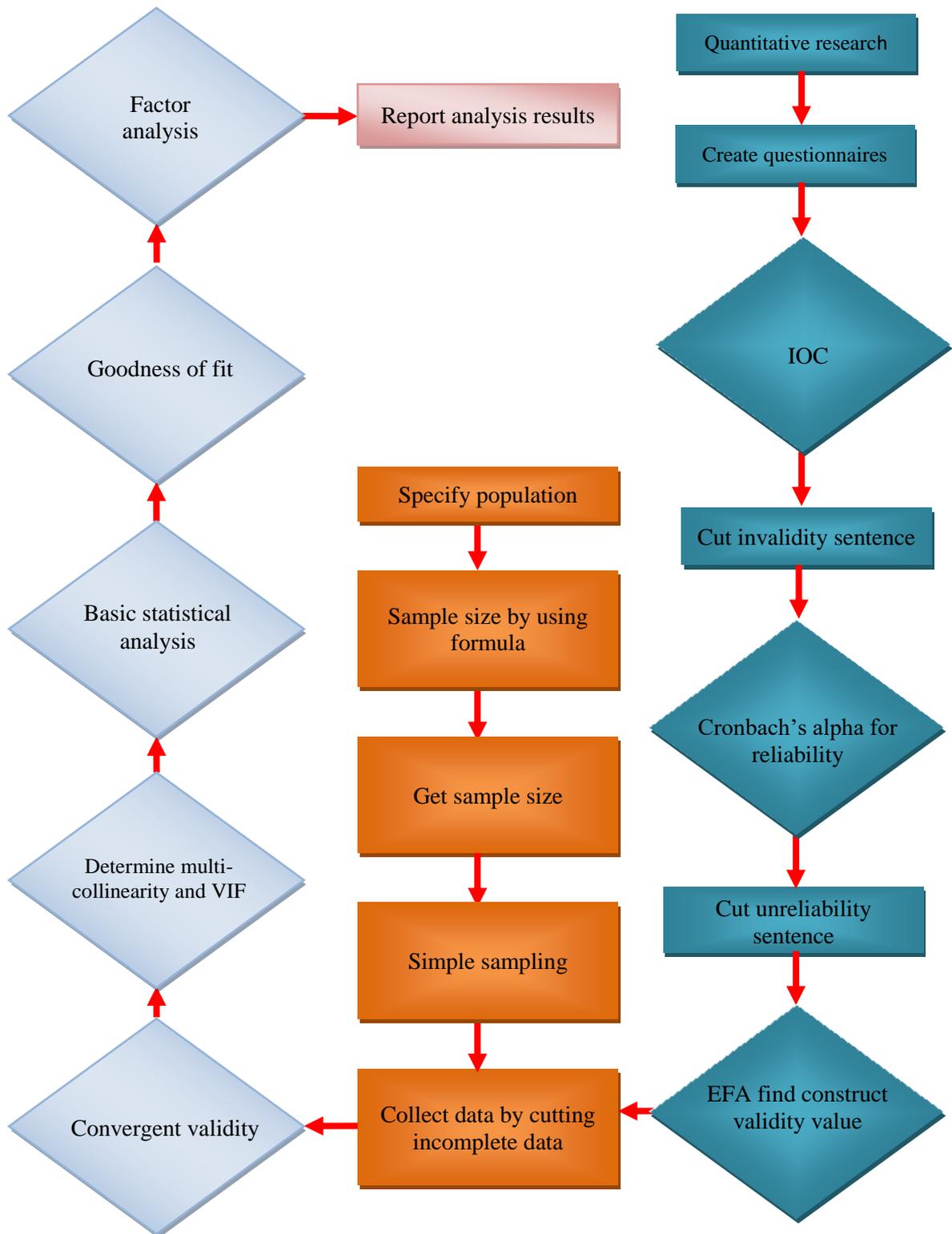


Figure 3.4 Steps in the Research

3.3 Data Presentation

The researcher presented the data using descriptive analysis in the last stage of the presentation of the research and the researched concepts. The result is a complete dissertation.

1) Subject the data that have been tested to processing, analysis, and synthesis in order to obtain the research results in accordance with the established research objectives. Edit and present the data.

2) Organize the findings, summarize the results, analyze the research results, and provide recommendations that are beneficial for further application and research

3) Prepare a research report and produce a complete dissertation

3.4 Summary of the Steps in the Research

Steps in the Research

There were 6 primary steps for conducting a study on the HR transformation and competitive advantage of Krungthai Bank.

Step 1: Examine various concepts and theories and review relevant literature from secondary sources to acquire basic knowledge about the research and to develop a conceptual framework for the research

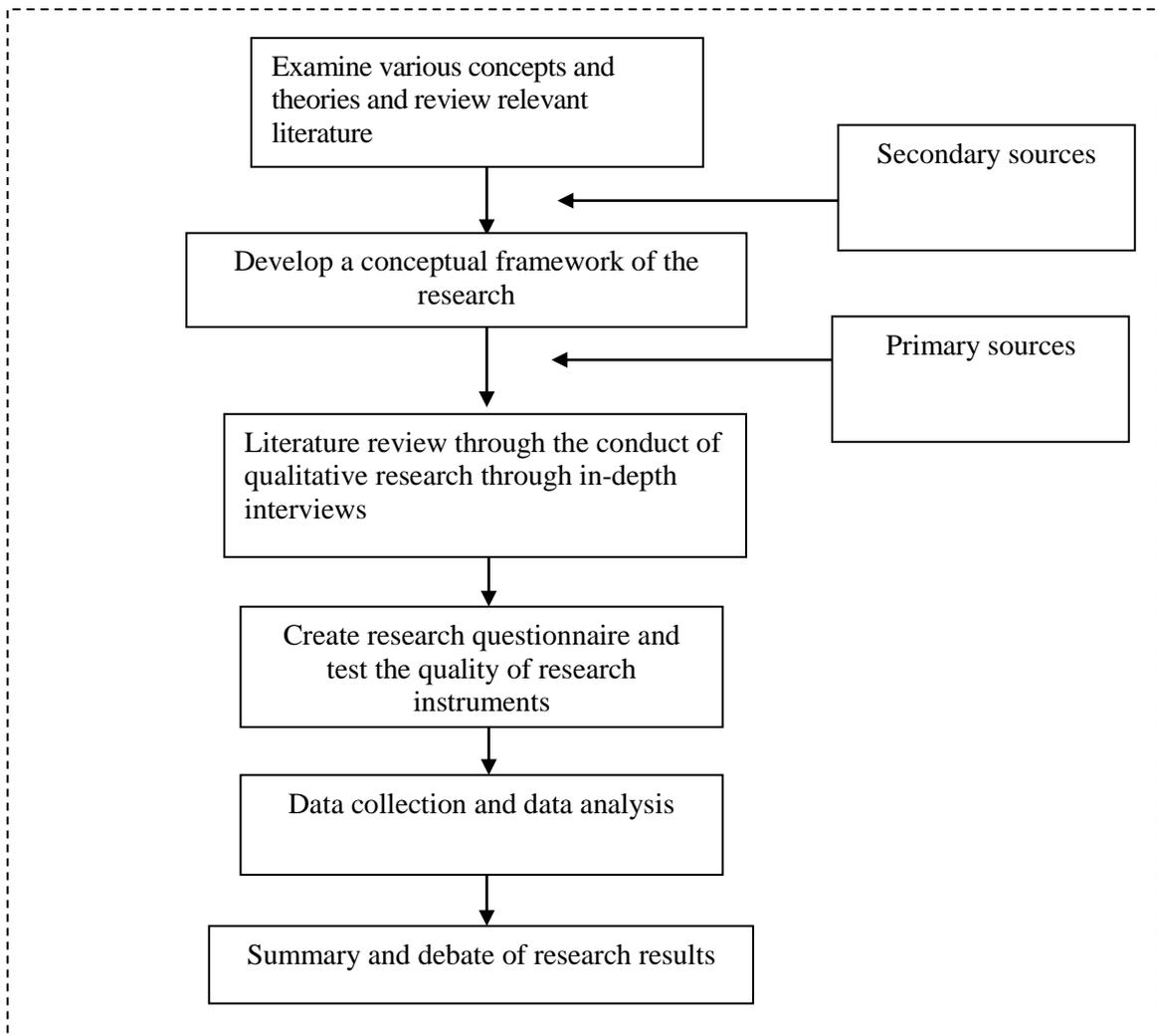
Step 2: In establishing the research conceptual framework the researcher aimed to develop valuable information and to produce research results that were beneficial to the society at large, both in the academic field and in the professional fields related to HR transformation and the competitive advantage of Krungthai Bank by studying the causes and effects represented in the relationships among the variables in the model.

Step 3: Review relevant literatures through the conduct of qualitative research through in-depth interviews with 20 key informants to study HR Transformation and competitive advantage of Krungthai Bank and determine whether it could be used to improve effectiveness of performance.

Step 4: Create research instruments through synthesis and application of relevant literature review. Test the quality of the research instruments. Test for validity by performing analysis of content validity of the questionnaire with experts and the advisor, at least 5 people in total. Determine Index of Item Objective Congruence between the questions and the characteristics of the research objectives. Test for Reliability or internal consistency with Alpha Coefficient of Cronbach by testing Questionnaire with the sample before using the Questionnaire to collect data.

Step 5: Collect and analyze data: Collect data with Questionnaire to study the influences in HR Transformation and the competitive advantage of Krungthai Bank and test the data for completeness and accuracy before analyzing the data with LISREL program using Structural Equation Modeling (SEM)

Step 6: Summary and debate of the research results



3.5 Research Ethics

The researcher acknowledges that research ethics are important, including the key informants of the present study that kindly provided information and permitted the researcher to ask them questions until clarity was obtained. The researcher adhered to ethical practices, such as requesting permission, asking to be allowed to conduct the interviews, being considerate in choosing words and questions to avoid causing discomfort, and not subjecting the interviewees to aggressive questioning. The presentation of the research avoided disclosure of the subjects' identity by referring to them as "key informants." The researcher has complied with all ethical requirements.

CHAPTER 4

RESEARCH FINDINGS

This research on human resource transformation and competitive advantage with reference to Krungthai Bank” resulted from using a mix-methods approach, which employed both quantitative research and qualitative research methodologies. The content of the research results were organized into 2 parts as follows.

Part 1 discusses the results of the data analysis from the quantitative research of the survey research’s questionnaire using simple random sampling of 400 people.

Part 2 shows the results of the data analysis from the qualitative research through in-depth interviews of 20 relevant authorities/experts that were top managers of state entities, such as the Ministry of Defence, Krungthai Bank, related associations and institutions, major customers, and academics.

4.1 The Results of the Data Analysis from the Quantitative Research

The researcher has organized and analyzed the data after receiving a 100% response rate for the 400 questionnaires. The questionnaires were examined for completeness and missing data in order to ensure statistical completeness and accuracy. The examination revealed no missing data. Thus, the data were then coded and processed using computer programs: the statistical package SPSS for Windows and LISREL. Subsequently, the results were presented as tables accompanying a narrative description. The symbols used in the analysis and the presentation of the research results and in the structural equation model are shown the appendix.

The construction of the linear structural relationship model with the latent variables from theories and researching the empirical data was a reduced form from the theoretical framework that included all of the related variables by restricting the scope of the research to studying fewer than all of the variables in the theoretical framework. The construction of the structural equation model from the theories and research outcomes considered to the congruence with 6 assumptions, which are:

- 1) To describe the characteristics of the relationships of the phenomena or variables of interest using simple and economical models
- 2) To obtain models as a foundation for comparing the differences among the various populations
- 3) To confirm or reject the initial theoretical relationships. The rejection of the existing theoretical framework leads to the development or improvement of theories to significantly enhance accuracy
- 4) To describe and understand the characteristics of the model to be used as a reference for making conclusions about the population accurately under different conditions and contexts
- 5) To predict phenomena
- 6) To understand the changes or dynamics of the phenomena under study

The theoretical structural equation model, which illustrates the linear causal relationships, was comprised of 2 models, which were the measurement model and the structural equation model. The measurement model was categorized into the measurement model for the exogenous variables and the measurement model for the endogenous variables. The measurement model demonstrated the structural relationships between latent variables and observed variables, providing statistics that revealed the true parameters and measurement errors of the values of the variables. As for the structural equation model, the significant data analysis method in the present study was path analysis, which searches for the causal relationships between the exogenous latent variables and the endogenous latent variables. The research hypotheses are usually presented as a description of the influences in the model overall. Analytical statistics must be able to estimate the parameters in the regression equation model for two equations simultaneously (simultaneous equation model) and the model must be tested for goodness of fit, which requires specialized computer programs such as the LISREL program.

The research process overall is illustrated in Figure 4.1.

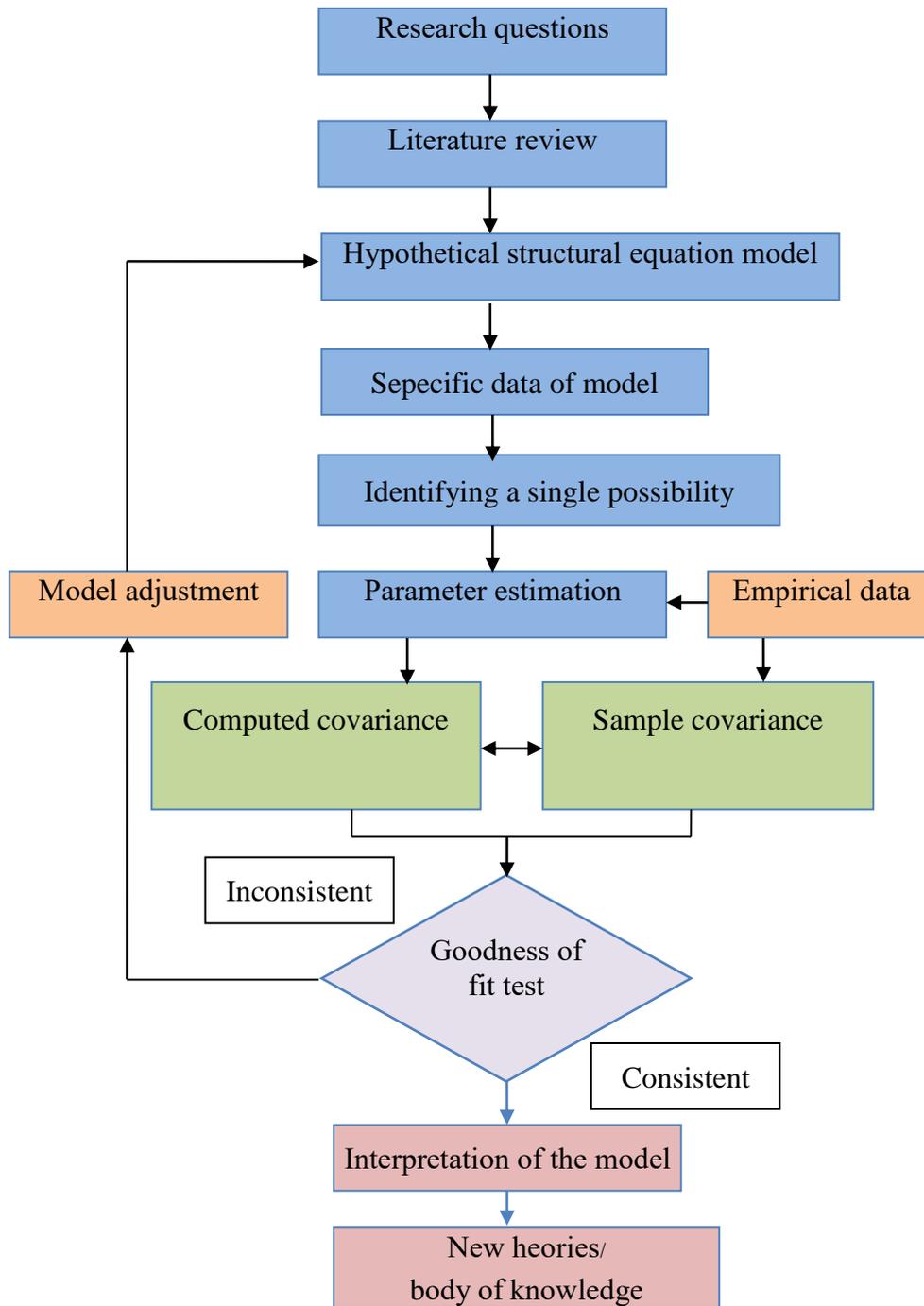


Figure 4.1 The Research Process

The statistics used were chi-square statistics (χ^2), the goodness of-fit index between the hypothesized model and empirical data, skewness, and Kurtosis. Inferential statistics that measure the goodness-of-fit index (GFI) must have values of 0.90-1.00 or above, the AGFI must have values from 0.90-1.00, and the CFI (comparative fit index) must have values from 0.90 - 1.00, which would demonstrate that the structural equation model is congruent with the empirical data. The standardized root mean squared residual indicates the errors of the model and must be below 0.05. The root mean square of error approximation (RMSEA) indicates the incongruence of the constructed model with the covariance matrix of the population, which has to be below 0.05. These two values reveal the extent of congruence with the empirical data. The criteria for testing goodness of fit that the researcher used is summarized in table 4.1.

Table 4.1 Statistical Values to Test the Goodness of Fit between the Hypothetical Structural Equation Model and the Empirical Data

Statistics for Measuring Goodness of Fit	Condition/level of Acceptance
1) χ^2	P-value of χ^2 is above 0.05
2) $(\chi^2)/df$	χ^2 should not be higher than 2.00
3) GFI, AGFI, CFI	0.90 - 1.00
4) SRMR, RMSEA	Below 0.05
5) CN	More than or equal to 200 of the sample

Before presenting the results of the data analysis regarding the statistics mentioned above, the researcher defined the symbols to represent the latent and observed variables in the Appendix.

The researcher tried out 30 copies of the questionnaire that had an acceptable index of item objective congruence after being tested by experts and professionals. Then, the researcher collected the data for analysis of the characteristics regarding demography and other factors, and calculated the statistics such as frequency, percentage, mean, and standard deviation. The results are presented in tables accompanying the descriptions. The content of the results from the analysis was organized into parts as follows.

4.1.1 General information about the respondents

4.1.2 The results of the analysis of the levels of factors that influence HR transformation and the competitive advantage of Krungthai Bank

4.1.3 The confirmatory factor analysis of the measurement model for each latent variable to determine construct validity by examining convergent validity, discriminant validity, and normality

4.1.4 Testing the statistical assumptions of the data, which comprised testing the quality of the data with respect to congruence with the assumptions in analyzing the structural equation model using LISREL. These assumptions included the test for homoscedasticity and for linearity.

4.1.5 In the path analysis of the relationships and the hypothesis testing with the analysis of causal model using LISREL, the researcher analyzed the HR transformation and competitive advantage of Krungthai Bank.

4.1.6 Hypothesis testing

4.1.1 General Information about the Sample that Responded to the Questionnaires

Table 4.2 General Information about the Sample

General Information Krungthai Bank Personnel	Number	Percentage
1) Gender		
Male	190	47.50
Female	210	52.50
Total	400	100.0
2) Age		
21- 30 Years	24	6.0
31-40 Years	106	26.5
41-50 Years	131	32.75
51-60 Years	139	34.75
Total	400	100.0

Table 4.2 (Continued)

General Information	Number	Percentage
Krungthai Bank Personnel		
3) Marrital Status		
Single	129	32.25
Married	209	52.25
Divorce	62	15.50
Total	400	100.0
4) Education Level		
Undergraduate degree	12	3.0
Bachelor's degree	243	60.75
Master's degree	122	33.0
Doctoral degree	23	3.25
Total	400	100.0
5) Employment Duration		
Fewer than 5 years	72	18.0
5-10 years	124	31.0
11-15 years	85	21.25
More than 16 years	119	29.75
Total	400	100.0
6) Income		
Less than 15,000 Baht/month	22	5.5
15,000-20,000 Baht/month	112	28.0
20,001-25,000 Baht/month	103	25.75
25,001- 30,000 Baht/month	56	14.0
More than 30,000 Baht/month	107	26.75
Total	400	100.0
7) Level of Occupational/professional Knowledge and Skills and Readiness for AEC		
Low	98	25.5
Medium	222	54.5
High	48	12.0
Highest	32	8.0
Total	400	100.0

Table 4.2 (Continued)

General Information	Number	Percentage
Krungthai Bank Personnel		
8) English Language Proficiency		
Low	164	41.0
Medium	156	39.0
High	76	19.0
Highest	4	1.0
Total	400	100.0

According to table 4.2, the general information about the employees in the sample revealed that the majority, which were 210 employees or 52.50 percent, were female. There were 139 employees aged 51 to 60 years, representing 34.75 percent. Two hundred and nine employees were married, representing 52.25 percent. Two hundred and forty-three employees had a bachelor's degree as the highest level of education, representing 60.75 percent. One hundred and twenty-four employees were employed for 5 to 10 years, representing 31.0 percent, and 112 employees had an income of 15,000-20,000 baht/month, representing 28.0 percent. The level of occupational/professional knowledge and skills and readiness for the AEC of the 222 employees was at medium level, which represented 54.5 percent of the employees in the sample. Finally, 164 employees or 41.0 percent of the sample had a low level of English language proficiency.

4.1.2 Results of the Analysis of the Levels of Factors that Influence the HR Transformation and Competitive Advantage of Krungthai Bank

Table 4.3 Mean and Standard Deviation for Clan Culture

Clan Culture	Mean	S.D.	Rank
1) The work behaviors of the individual employees and work teams are appropriate for Krungthai Bank.	3.82	.597	4

Table 4.3 (Continued)

Clan Culture	Mean	S.D.	Rank
2) The organizational culture serves as a scheme for the development of an environment that fosters internal cooperation.	3.91	.715	2
3) There is a system for providing incentives and encouragement for all employees to participate in the work.	3.96	.645	1
4) Employees rely on cooperation for support and encouragement in carrying out work duties.	3.85	.652	3
5) The participative organizational culture is capable of enhancing the quality of Krungthai Bank for more efficient work outcomes.	3.73	.693	5
6) ASEAN cultures are welcomed, for example through communicating (listening, speaking, reading, and writing) in English and in the languages of the ASEAN countries.	3.68	3.68	6
Overall	3.83	.634	

According to table 4.3, the overall mean for Clan culture was at the high level of 3.83. The results also showed a system for providing incentives and encouragement for all employees to participate in the work, which had the highest mean of 3.96. While ASEAN cultures were welcomed, for example by communicating (listening, speaking, reading, and writing) in English and in the languages of the ASEAN countries, which had the lowest mean of 3.68. Furthermore, organizational culture served as a scheme for the development of an environment that fosters internal cooperation, which had the mean of 3.91. Employees relied on cooperation for support and encouragement in carrying out their work duties and the work behaviors of individual employees and work teams appropriate for Krungthai Bank had the mean of 3.82, and participative organizational culture was capable of enhancing the quality of Krungthai Bank for more efficient work outcomes, which had the mean of 3.73.

Table 4.4 Mean and Standard Deviation for Hierarchical Culture

Hierarchical Culture	Mean	S.D.	Rank
1) Employees have behaviors and work processes that have been passed on so that operations are smooth and effective at Krungthai Bank..	3.87	.518	3
2) The leaders of Krungthai Bank are variables that are permanently significant and influential to employees in promoting effectiveness in operations.	3.79	.608	4
3) There is a chain of command according to work regulations (official work procedures/regulations) or organizational structure.	3.97	.632	1
4) Employees must obey orders, be controlled by rules, and be officially appointed.	3.91	.701	2
5) The transformation of the organizational culture to promote internationalism and to enhance efficiency and effectiveness in bureaucracy	3.77	.664	5
Overall	3.86	.630	

According to Table 4.4, the overall mean for Hierarchical culture was at a high level of 3.86. The results also showed a chain of command according to work regulations or organizational structure, which had the highest mean of 3.91, while the transformation of the organizational culture to promote internationalism and enhance efficiency and effectiveness in bureaucracy which had the lowest mean of 3.77. Moreover, employees must obey orders, be controlled by rules, and be officially appointed, which had the mean of 3.91. Employees exhibited behaviors and work processes that have been passed on so that operations are smooth and effective at Krungthai Bank, which had the mean of 3.87, and the leaders of Krungthai Bank were variables that were permanently significant and influential to employees in promoting effectiveness in operations, which had the mean of 3.79.

Table 4.5 Mean and Standard Deviation for Adhocracy Culture

Adhocracy Culture	Mean	S.D.	Rank
1) Employees have traits that accept risks, exhibit creativity, and focus on the outcomes of the work.	3.92	.623	2
2) Top management provides appropriate pressure and stimulation and supports challenging assignments and the willingness to take risks among employees.	3.95	.708	1
3) The organizational culture is refined so that employees have new values and beliefs regarding the goals and missions of Krungthai Bank.	3.84	.603	4
4) Create cultures that develop employees' potential, which are crucial and influential to effective operations	3.87	.728	3
Overall	3.90	.667	

According to Table 4.5, the overall mean for Adhocracy culture was at a high level of 3.90. The results also showed that top management provided appropriate pressure, stimulation, and support of challenging assignments and the willingness to take risks among employees, which had the highest mean of 3.95, while organizational culture was refined so that employees had new values and beliefs regarding the goals and missions of Krungthai Bank, which had the lowest mean of 3.84. Furthermore, employees had the trait of accepting risks, exhibit creativity, and focusing on the outcomes of the work, which had the mean of 3.92, and creating a culture that developed employees' potential, which are crucial and influential for effective operations, which had the mean of 3.87.

Table 4.6 Mean and Standard Deviation for Market Culture

Market culture	Mean	S.D.	Rank
1) Employees have values, interests, and beliefs that agree with and suit the goals and missions of Krungthai Bank.	3.96	.597	4
2) Employees have ideals to work professionally in creating value for the stakeholders of Krungthai Bank.	3.89	.715	2
3) Krungthai Bank has a culture of providing excellent financial services.	3.92	.645	1
4) Employees work competitively with the belief that everyone is a competitor and is determined to win.	3.80	.601	3
5) Creates an organizational culture that attracts foreigners, immigrant workers, expats, and tourists to use the service, and develop employees to exhibit behaviors that are appropriate for providing international services	3.76	.636	5
Overall	3.87	.643	

According to Table 4.6, the overall mean for Market culture was at a high level of 3.85. The results also showed that Krungthai Bank has a culture of providing excellent financial services, which had the highest mean of 3.96. On the other hand, create organizational culture attracts foreigners, immigrant workers, expats, and tourists to use the service, and develop employees to exhibit behaviors that are appropriate for providing international services, which had the lowest mean of 3.73. Moreover, employees have ideals to work professionally in creating value for the stakeholders of Krungthai Bank, which had the mean of 3.91, and employees work competitively with the belief that everyone is a competitor and is determined to win, which had the mean of 3.82. Further, employees were seen to have values, interests, and beliefs that agreed with and suited the goals and missions of Krungthai Bank, with a mean of 3.82.

Table 4.7 Comparison of the mean between Organizational Culture Factor

Table	Organizational culture factor	Mean	Rank
4.3	Clan culture	3.83	4
4.4	Hierarchical culture	3.86	2
4.5	Adhocracy culture	3.90	1
4.6	Market culture	3.85	3
Overall		3.86	

Table 4.7 shows the comparison of the mean for all of the factors in organizational culture. The results from table 4.3-4.7 show that Adhocracy culture had highest mean when compared with other factors. Furthermore, Hierarchical culture had the mean of 3.86, Market culture had the mean of 3.85, and Clan culture had the lowest mean at 3.83.

Table 4.8 Mean and Standard Deviation for Tangibles

Tangibles	Mean	S.D.	Rank
1) The space inside the building is vast and adequate for waiting to receive the service. There are enough amenities for waiting customers such as chairs and newspapers.	3.81	.689	2
2) The interior and exterior of the buildings are neat, clean, and pleasant.	3.77	.760	3
3) The location is convenient to serve users and there are enough parking spaces for serving users.	3.74	.657	4
4) The number of service counters is adequate and there are signs that label the areas clearly and adequately.	3.88	.716	1
Overall	3.80	.706	

According to Table 4.8, the overall mean for Tangibles was at a high level of 3.80. The above results present that the number of service counters was adequate and there were signs that labeled the areas clearly and adequately, which had the highest mean of 3.88. However, the location was convenient for serving users and there were enough parking spaces for serving users, which had the lowest mean of 3.74. On the other hand, the space inside the building was vast and adequate for waiting to receive the services. There were enough amenities for waiting customers such as chairs and newspapers, which had the mean of 3.81, and the interior and exterior of the buildings were neat, clean, and pleasant, which had the mean of 3.77.

Table 4.9 Mean and Standard Deviation for Reliability

Reliability	Mean	S.D.	Rank
1) Employees are capable of ensuring reliability, building assurance, and fully accessing customers.	3.97	.765	2
2) Employees are encouraged to develop knowledge and skills appropriately.	3.88	.761	4
3) Employees understand the expectations of customers and maintain customer confidentiality well.	3.89	.784	3
4) Employee provide accurate and complete services without mistakes.	4.01	.688	1
Overall	3.94	.756	

According to Table 4.9, the overall mean for Reliability was at a high level of 3.94. The results also showed that providing accurate and complete services without mistakes had the highest mean of 4.01, while employees are encouraged to develop knowledge and skills appropriately had the lowest mean of 3.88. Furthermore, employees are capable of ensuring reliability, building assurance, and fully accessing the customers had the mean of 3.97, and employees understand the expectations of customers and maintain customer confidentiality well had the mean of 3.89.

Table 4.10 Mean and Standard Deviation for Responsiveness

Responsiveness	Mean	S.D.	Rank
1) Employees offer advice to customers about the service regularly.	4.05	.605	1
2) Every employee is enthusiastic and responsive to the needs of the service users. Thus, employees perform the service promptly.	3.99	.711	3
3) Employees have knowledge, abilities, and proficiency so that the service users do not have to wait an unreasonable length of time.	4.02	.654	2
4) Employees have good manners, communicate with courtesy, and provide opportunities for inquiries about all of the services of the bank.	3.89	.682	4
Overall	3.98	.669	

According to Table 4.10, the overall mean for Responsiveness was at a high level of 3.98. The results indicated that employees offer advice to customers about the service regularly, which had the highest mean of 4.05, while employees have good manners, communicate with courtesy, and provide opportunities for inquiries about all the services of the bank had the lowest mean of 3.89. Moreover, employees have knowledge, abilities, and proficiency so that the service users do not have to wait an unreasonable length of time had the mean of 4.02 and every employee is enthusiastic and responsive to the needs of the service users. Thus, employees performed the service promptly, which had the mean of 3.99.

Table 4.11 Mean and Standard Deviation for Assurance

Assurance	Mean	S.D.	Rank
1) Service is developed to be widely recognized and the attention is continuous	3.81	.631	4
2) The organization develops employees to have morals and ethics.	3.90	.690	2

Table 4.11 (Continued)

Assurance	Mean	S.D.	Rank
3) Top management develops quality visions and policies aimed at global standards.	3.82	.634	3
4) Employees are constantly prepared to solve the customers' problems whenever there are errors.	3.79	.651	5
5) Employees are capable of providing clear explanations to customers.	3.93	.711	1
Overall	3.85	.675	

According to Table 4.11, the overall mean for Assurance was at a high level of 3.85. The results also showed that employees were capable of providing clear explanations to customers, which had the highest mean of 3.83, and employees were constantly prepared to solve the customers' problems whenever there were errors, which had the lowest mean of 3.69. Moreover, the organization develops employees to have morals and ethics, which had the mean of 3.82, and top management develops quality visions and policies aimed at global standards, which had the mean of 3.72, and service is developed to be widely recognized and the attention is continuous, which had the mean of 3.71.

Table 4.12 Mean and Standard Deviation for Empathy

Empathy	Mean	S.D.	Rank
1) The service to customers emphasizes satisfaction.	3.82	.724	3
2) Every employee exhibits good personality and courteousness. Employees are gentle towards the customers and welcome them appropriately.	3.86	.645	1
3) There is development in the quality of the system by using innovative technology to add value for the service recipients.	3.79	.667	4

Table 4.12 (Continued)

Empathy	Mean	S.D.	Rank
4) Employees respect, pay attention to, and value customers..	3.84	.608	2
Overall	3.83	.657	

According to Table 4.12, the overall mean for Empathy was at a high level of 3.83. The above results showed that every employee exhibit good personality and courteousness. Employees are gentle towards the customers and welcomed them appropriately, which had the highest mean of 3.86, while there was development in the quality of the system by using innovative technology to add value for the service recipients, which had the lowest mean of 3.79. Furthermore, employees respect, pay attention to, and value customers had the mean of 3.84, and the service to customers emphasized satisfaction, which had the mean of 3.82.

Table 4.13 Comparison of the Mean between Service Quality Factor

Table	Service quality factor	Mean	Rank
4.8	Tangibles	3.80	5
4.9	Reliability	3.94	2
4.10	Responsiveness	3.98	1
4.11	Assurance	3.85	3
4.12	Empathy	3.83	4
	Overall	3.88	

According to Table 4.13, there are comparison the mean of service quality factors. The results from table 4.8-4.12 show that Responsiveness had highest mean at 3.98 when compared with other factors, while tangibles has the lowest mean at 3.80. Furthermore, Reliability had the mean of 3.94, Assurance had the mean of 3.85, and Empathy had the mean of 3.83.

Table 4.14 Mean and Standard Deviation for Planning

Planning	Mean	S.D.	Rank
1) There are human resources planning to identify future human resource needs in order to manage changes efficiently.	3.77	.607	5
2) There is human resource planning to identify future needs for Krungthai Bank to achieve established goals.	3.81	.586	3
3) There is planning regarding the qualities and skills of human resources which must adapt to suit Krungthai Bank in the future.	3.80	.616	4
4) The development of human resource potentials is being monitored and evaluated to prepare Krungthai Bank for the future.	3.89	.734	2
5) There is planning regarding the needs of the human resources as a foundation for promoting progress towards higher positions.	3.91	.694	1
Overall	3.84	.618	

According to Table 4.14, the overall mean for Planning was at the high level of 3.84. The results showed that there was planning regarding the needs of the human resources as a foundation for promoting progress towards higher positions, which had the highest mean of 3.91, but there was human resources planning to identify future human resources needs in order to manage changes efficiently, which had the lowest mean of 3.77. Furthermore, development of human resources potentials was being monitored and evaluated to prepare Krungthai Bank for the future, which had the mean of 3.89, and there was human resources planning to identify future needs for Krungthai Bank to achieve established goals, which had the mean of 3.81. Finally, there was planning regarding the qualities and skills of human resources which must adapt to suit Krungthai Bank in the future, which had the mean of 3.80.

Table 4.15 Mean and Standard Deviation for Recruitment

Recruitment	Mean	S.D.	Rank
1) There is internal recruitment of employees within Krungthai Bank to offer them opportunities to grow in their fields and to generate good morale.	3.85	0.71	4
2) There is recruitment of suitable individuals capable of producing outstanding outcomes.	3.98	0.73	1
3) There is recruitment of new employees that results in changes that increase the effectiveness and efficiency of the services at Krungthai Bank.	3.87	0.72	3
4) There is a system for recruiting and selecting employees with innovative attitudes, skills, experience, views, and perspectives.	3.92	0.68	2
5) There is recruitment of candidates suitable for the work positions regarding education, experience, and capabilities.	3.82	0.61	5
Overall	3.89	0.73	

According to Table 4.15, the overall mean for Recruitment was at a high level of 3.89, with the means of all factors at a high level. The results showed that there was recruitment of suitable individuals capable of producing outstanding outcomes, which had the highest mean of 3.98; further, there was recruitment of candidates suitable for the work positions in education, experience, and capabilities, which had the lowest mean of 3.82. Moreover, there was a system for recruiting and selecting employees with innovative attitudes, skills, experience, views, and perspectives, which had a mean of 3.92, There was recruitment of new employees that resulted in changes that increased the effectiveness and efficiency of the services at Krungthai Bank, which had a mean of 3.87, and there was internal recruitment of employees within Krungthai Bank to offer them opportunities to grow in their fields and to generate good morale, which had a mean of 3.85.

Table 4.16 Mean and Standard Deviation for Development

Development	Mean	S.D.	Rank
1) Employees are encouraged to build upon accumulated knowledge and experience to develop expertise for the achievement of the objectives and goals of Krungthai Bank.	3.87	0.64	4
2) There is training and continuing education to increase knowledge, skills, and experience for personal development of the employees to achieve the goals of all related parties.	3.91	0.67	3
3) There is improvement to the operation process to enhance the capabilities of employees and Krungthai Bank.	4.03	0.79	1
4) There is improvement to the work process of individual employees that results in Krungthai Bank being more efficient in order to reach the established objectives.	3.83	0.77	5
5) There is continuous development of employees to keep up to date with changes and in the achievement of goals according to Krungthai Bank's plans.	3.96	0.75	2
Overall	3.92	0.72	

According to Table 4.16, the overall mean for Development was at a high level of 3.92, with the means of all factors at a high level. The results also revealed that there was improvement to the operation process to enhance the capabilities of employees and Krungthai Bank, which had the highest mean of 4.03, while there was improvement to the work process of individual employees that resulted in Krungthai Bank being more efficient in order to reach the established objectives, which had the lowest mean of 3.83. Furthermore, there was continuous development of employees to keep up to date with changes and in the achievement of goals according to Krungthai Bank's plans, which had a mean of 3.96. There was training and continuing education to increase the knowledge, skills, and experience for the personal development of

employees to achieve the goals of all related parties, which has a mean of 3.91, and employees are encouraged to build upon accumulated knowledge and experience to develop expertise for the achievement of the objectives and goals of Krungthai Bank, which had a mean of 3.87.

Table 4.17 Mean Standard and Deviation for Retention

Retention	Mean	S.D.	Rank
1) There is development for individual growth that agrees with the individual's interests and needs.	4.08	0.57	1
2) The work procedures focus on building experience and on assigning tasks that allow employees to demonstrate their full capabilities.	3.93	0.58	4
3) Employees are able to transfer to other departments that suit their aptitude or that allow them to make significant contributions for the ultimate benefit of Krungthai Bank.	3.85	0.62	5
4) There are good compensation and welfare benefits that meet the needs of everyone to promote better quality of life.	3.98	0.60	3
5) Employees are supported for career advancement and receive approval for assigned work which gives them pride.	4.01	0.63	2
Overall	3.97	0.60	

According to Table 4.17, the overall mean for Retention was at a high level of 3.97, with the means of all factors at a high level. The results also show that there was development for individual growth that agreed with the individual's interests and needs, which had the highest mean of 4.08. However, employees are able to transfer to other departments that suit their aptitude or that allow them to make significant contributions for the ultimate benefit of Krungthai Bank, which had the lowest mean of 3.85. Furthermore, employees are supported for career advancement and receive approval for assigned work which gives them pride, which had a mean of 4.01. There

is good compensation and welfare benefits that meet the needs of everyone to promote better quality of life, which had a mean of 3.98, and the work procedures focus on building experience and on assigning tasks that allow employees to demonstrate their full capabilities, which had a mean of 3.93.

Table 4.18 Comparison of the Means between Human Resource Management and Development Factors

Table	HRM & HRD Factor	Mean	Rank
4.14	Planning	3.84	4
4.15	Recruitment	3.89	3
4.16	Development	3.92	2
4.17	Retention	3.97	1
Overall		3.91	

According to Table 4.18, there are comparison of the mean of human resource management and development factors. The results from table 4.14-4.17 show that Retention had highest mean at 3.97 when compared with other factors, while Planning had lowest mean at 3.84. Furthermore, Development had the mean of 3.92, and Recruitment had the mean of 3.89.

Table 4.19 Mean and Standard Deviation for Strategy

Strategy	Mean	S.D.	Rank
1) Krungthai Bank has existing plans that lead to the allocation of limited resources that will drive the organization to achieve established goals.	3.87	0.64	3
2) Krungthai Bank has implemented work that will lead to the allocation of limited resources that will drive the organization to achieve established goals.	3.91	0.67	2

Table 4.19 (Continued)

Strategy	Mean	S.D.	Rank
3) Krungthai Bank's operation has sustainable profits to promote progress and stability.	4.03	0.79	1
4) Krungthai Bank aims to operate in accordance with the needs of the customers in order to provide services that offer satisfaction and pleasure them.	3.75	0.56	4
Overall	3.89	0.65	

According to Table 4.19, the overall mean for Strategy was at a high level of 3.89, with the means of all factors at a high level. The above results also show that Krungthai Bank's operations have sustainable profits to promote progress and stability, which had the highest mean of 4.03, while Krungthai Bank aims to operate in accordance with the needs of the customers in order to provide services that offer satisfaction and pleasure for them, which had the lowest mean of 3.75. Furthermore, Krungthai Bank has implemented work that will lead to the allocation of limited resources that will drive the organization to achieve established goals, which had a mean of 3.91, and Krungthai Bank has existing plans that lead to the allocation of limited resources that will drive the organization to achieve established goals, which had a mean of 3.87.

Table 4.20 Mean and Standard Deviation for Structure

Structure	Mean	S.D.	Rank
1) Krungthai Bank has a structure that emphasizes the quality of the services to prevent errors so that all employees complete their assigned work.	3.82	.663	2
2) Krungthai Bank has a decentralized structure and places importance on both line functions and support functions.	3.87	.621	1

Table 4.20 (Continued)

Structure	Mean	S.D.	Rank
3) Krungthai Bank has a management structure that continually adapts to prevent the dissolution of the organization in the long term.	3.78	.659	3
Overall	3.82	.647	

According to Table 4.20, the overall mean for Structure was at a high level of 3.82. The results also show that Krungthai Bank has a decentralized structure and places importance on both line functions and support functions, which had the highest mean of 3.87. Further, Krungthai Bank has a structure that emphasizes the quality of the services to prevent errors so that all employees complete their assigned work, which had a mean of 3.82, while Krungthai Bank has a management structure that continually adapts to prevent the dissolution of the organization in the long term, which had the lowest mean of 3.78.

Table 4.21 Mean Standard Deviation for Systems

Systems	Mean	S.D.	Rank
1) Krungthai Bank has both formal and informal work procedures to increase the effectiveness of the work of Krungthai Bank.	3.75	.711	3
2) There are continuous improvements and adjustments to all the systems in Krungthai Bank to generate maximum effectiveness that results in progress and growth.	3.82	.638	2
3) There is a system for selecting employees that are suitable for Krungthai Bank, particularly regarding the selection of executives that are developed from within the organization.	3.88	.779	1
Overall	3.81	.702	

According to Table 4.21, the overall mean for Systems was at a high level of 3.81. The results show that there is a system for selecting employees that are suitable for Krungthai Bank, particularly in the selection of executives that are developed from within the organization, which had the highest mean of 3.88. Additionally, there are continuous improvements and adjustments to all of the systems in Krungthai Bank to generate maximum effectiveness that results in progress and growth, which had the mean of 3.82, and Krungthai Bank has both formal and informal work procedures to increase the effectiveness its work, which had the lowest mean of 3.75.

Table 4.22 Mean and Standard Deviation for Style

Style	Mean	S.D.	Rank
1) Krungthai Bank has a management style that emphasizes effective and efficient results.	3.92	0.66	2
2) All parties have independence in their work and have the feeling of ownership towards Krungthai Bank	3.95	0.75	1
3) Krungthai Bank is employee-centric and values employees as the most important assets.	3.86	0.67	3
Overall	3.91	0.70	

According to Table 4.22, the overall mean for Style was at a high level of 3.91. The results also show that all parties have independence in their work and have the feeling of ownership towards Krungthai Bank, which had the highest mean of 3.95; and Krungthai Bank has a management style that emphasizes effective and efficient results, which had a mean of 3.92. Further, Krungthai Bank is employee-centric and values employees as the most important assets, which had the lowest mean of 3.86.

Table 4.23 Mean and Standard Deviation for Ultimate Goal

Ultimate Goal	Mean	Standard Deviation	Rank
1) Krungthai Bank has an Ultimate goal that stimulates and induces the feeling of appreciation among employees and that connects the people with the objectives.	4.00	0.64	1
2) Krungthai Bank values ideology more than profits in order to change the approach to generating progress.	3.96	0.72	2
3) There is participative management in teamwork, which is an interconnected network that leads to the same mission.	3.93	0.74	3
Overall	3.96	0.68	

According to Table 4.23, the overall mean for Ultimate goal was at a high level of 3.96. The above results show that Krungthai Bank has an Ultimate goal that stimulates and induces the feeling of appreciation among employees and that connects the people with its objectives, which had the highest mean of 4.00; and Krungthai Bank values ideology more than profits in order to change the approach to generating progress, which had a mean of 3.96. On the other hand, there is participative management in teamwork, which is an interconnected network that leads to the same mission, which had the lowest mean of 3.93.

Table 4.24 Comparison of the Means between Competitive Advantage Factor

Table	Competitive Advantage Factor	Mean	Rank
4.19	Strategy	3.89	5
4.20	Structure	3.82	3
4.21	Systems	3.81	4
4.22	Style	3.91	2
4.23	Ultimate goal	3.96	1
	Overall	3.88	

According to Table 4.24, there are comparison of the mean between competitive advantage factors. The results from table 4.19-4.23 show that Ultimate goal had highest mean at 3.96 when compared with the other factors, while Strategy had the lowest mean at 3.89. Furthermore, Style had the mean of 3.91, and both Structure and Systems had same level mean of 3.82.

Table 4.25 Mean and Standard Deviation for Customers' Satisfaction

Customers' Satisfaction	Mean	Standard Deviation	Rank
1) The location and the environment of the bank are suitable, clean, and spacious, and the materials and supplies are modern.	3.98	0.63	1
2) Employees are able to provide service in accordance with the established rules of the bank in an accurate manner, and the number of employees is adequate for serving customers.	3.90	0.82	3
3) Employees are able to provide knowledge, information, and news about the services of the bank accurately.	3.93	0.63	2
4) Employees pay attention to and take care of customers sincerely, which makes the customers feel valued.	3.81	0.72	4
Overall	3.91	0.70	

According to Table 4.25, the overall mean for Customers' satisfaction was at the high level of 3.91. The above table shows that the location and the environment of the bank were suitable, clean, and spacious, and the materials and supplies were modern, which had the highest mean of 3.98, while employees pay attention to and take care of customers sincerely, which makes the customers feel valued, had a mean of 3.81. Furthermore, employees are able to provide knowledge, information, and news about the services of the bank accurately had a mean of 3.93, and employees are able to provide service in accordance with the established rules of the bank in an

accurate manner, and the number of employees is adequate for serving customers, had a mean of 3.90.

Table 4.26 Mean and Standard Deviation for Organization's Effectiveness

Organization's Effectiveness	Mean	Standard Deviation	Rank
1) Krungthai Bank has plans for allocating limited resources to drive the organization to achieve established goals.	3.96	0.72	1
2) The management style emphasizes effective and efficient results.	3.88	0.57	4
3) There are employees that are specialized in providing services or that have outstanding capabilities that create distinction from competitors consistently.	3.91	0.61	3
4) There is preparation in every aspect for the efficient operation and conduct of activities within the ASEAN Economic Community.	3.94	0.64	2
Overall	3.92	0.63	

According to Table 4.26, the overall mean for the Organization's Effectiveness was at a high level of 3.92, with the means of all factors at a high level. The results also show that Krungthai Bank has plans for allocating limited resources to drive the organization to achieve established goals, which had the highest mean of 3.96, while the management style emphasizes effective and efficient results, which had the lowest mean of 3.88. Moreover, there is preparation in every aspect for the efficient operation and conduct of activities within the ASEAN Economic Community, which had a mean of 3.94, and there are employees that are specialized in providing services or that have outstanding capabilities that create distinction from competitors consistently, which had a mean of 3.91.

Table 4.27 Comparison of the Means between HR Transformation to Create a Competitive Factor

Table	HR transformation to create a competitive advantage factor	Mean	Rank
4.25	Customers' satisfaction	3.91	2
4.26	Organization's effectiveness	3.92	1
Overall		3.92	

According to Table 4.27, there are comparison of the mean between HR transformation to create a competitive advantage factors. The results from table 4.25 and table 4.26 show that the Organization's effectiveness had highest mean at 3.92, while Customers' satisfaction had a mean of 3.91.

Table 4.28 The Results of the Analysis of the Preliminary Statistics for Skewness and Kurtosis of the Observed Variables of the Research

Clan Culture	Skewness (SK)	Kurtosis (KU)
1) The work behaviors of individual employees and work teams are appropriate for Krungthai Bank.	-.875	.949
2) The organizational culture serves as a scheme for the development of the environment that fosters internal cooperation.	-.918	.489
3) There is a system for providing incentives and encouragement for all employees to participate in the work.	-.440	-.162
4) Employees rely on cooperation for support and encouragement in carrying out work duties.	-.804	1.375
5) The participative organizational culture is capable of enhancing the quality of Krungthai Bank for more efficient work outcomes.	-.543	.462

Table 4.28 (Continued)

Clan Culture	Skewness (SK)	Kurtosis (KU)
6) ASEAN cultures are welcomed, for example by communicating (listening, speaking, reading, and writing) in English and in the languages of the ASEAN countries.	-.562	.694
Hierarchical Culture		
1) Employees have behaviors and work processes that have been passed on so that operations are smooth and effective at Krungthai Bank.	-.316	.276
2) The leaders of Krungthai Bank are variables that are permanently significant and influential to employees in promoting effectiveness in operations.	-.653	1.137
3) There is a chain of command according to work regulations (official work procedures/regulations) or organizational structure.	-.665	1.003
4) Employees must obey orders, be controlled by rules, and be officially appointed.	-.754	1.146
5) The transformation of the organizational culture to promote internationalism and to enhance efficiency and effectiveness in bureaucracy.	-.799	1.068
Adhocracy Culture		
1) Employees have traits that accept risks, exhibit creativity, and focus on the outcomes of the work.	-.704	.837
2) Top management provides appropriate pressure, stimulation, and support of challenging assignments and of the willingness to take risks among employees.	-.596	.672
3) The organizational culture is refined so that employees have new values and beliefs regarding the goals and missions of Krungthai Bank.	-.625	.463
4) Create cultures that develop employees' potential, which are crucial and influential to effective operations	-.881	1.496

Table 4.28 (Continued)

Market Culture	Skewness (SK)	Kurtosis (KU)
1) Employees have values, interests, and beliefs that agree with and suit the goals and missions of Krungthai Bank.	-.907	.969
2) Employees have ideals to work professionally in creating value for the stakeholders of Krungthai Bank.	-.577	.944
3) Krungthai Bank has a culture of providing excellent financial services	-.656	.999
4) Employees work competitively with the belief that everyone is a competitor and is determined to win.	-.562	.812
5) Creates an organizational culture that attracts foreigners, immigrant workers, expats, and tourists to use the service, and develop employees to exhibit behaviors that are appropriate for providing international services	-.600	.861
Tangibles		
1) The space inside the building is vast and adequate for waiting to receive the service. There are enough amenities for waiting customers such as chairs and newspapers.	-.260	-1.203
2) The interior and exterior of the buildings are neat, clean, and pleasant.	-.205	-1.183
3) The location is convenient for service users and there are enough parking spaces for them.	-.231	-1.156
4) The number of service counters is adequate and there are signs that label the areas clearly and adequately.	-.174	-1.254
Reliability		
1) Employees are capable of ensuring reliability, building assurance, and fully accessing the customers.	-.684	.667
2) Employees are encouraged to develop knowledge and skills appropriately.	-.526	.562
3) Employees understand the expectations of customers and maintain customer confidentiality well.	-.605	.533

Table 4.28 (Continued)

	Reliability	Skewness (SK)	Kurtosis (KU)
4) Employee provide accurate and complete services without mistakes.		-.741	.796
Responsiveness			
1) Employees offer advice to customers about the service regularly.		-.787	.969
2) Every employee is enthusiastic and responsive to the needs of the service users. Thus, employees perform the service promptly.		-.467	.944
3) Employees have knowledge, abilities, and proficiency so that the service users do not have to wait an unreasonable length of time.		-.676	.829
4) Employees have good manners, communicate with courtesy, and provide opportunities for inquiries about all the services of the bank.		-.528	.620
Assurance			
1) Service is developed to be widely recognized and the attention is continuous.		-.415	.329
2) The organization develops employees to have morals and ethics.		-.888	.199
3) Top management develops quality visions and policies aimed at global standards.		-.570	-.502
4) Employees are constantly prepared to solve the customers' problems whenever there are errors.		-.434	.975
5) Employees are capable of providing clear explanations to customers.		-.623	.912
Empathy			
1) The service to customers emphasizes satisfaction.		-.640	-.772
2. Every employee exhibits good personality and courteousness. Employees are gentle towards the customers and welcome them appropriately.		-.594	0.775

Table 4.28 (Continued)

Empathy	Skewness (SK)	Kurtosis (KU)
3) There is development in the quality of the system by using innovative technology to add value for the service recipients.	-.663	.342
4) Employees respect, pay attention to, and value customers.	-.606	1.172
Planning		
1) There is human resources planning to identify future human resource needs in order to manage changes efficiently.	-.605	.439
2) There is human resource planning to identify future needs for Krungthai Bank to achieve established goals.	-.508	.619
3) There is planning regarding the qualities and skills of human resources which must suit Krungthai Bank in the future.	-.390	-.782
4) The development of human resource potentials is being monitored and evaluated to prepare Krungthai Bank for the future.	-.615	.819
5) There is planning regarding the needs of the human resources as a foundation for promoting progress towards higher positions.	-.738	.509
Recruitment		
1) There is internal recruitment of employees within Krungthai Bank to offer them opportunities to grow in their fields and to generate good morale.	-.845	.932
2) There is recruitment of suitable individuals capable of producing outstanding outcomes.	-.718	.409
3) There is recruitment of new employees that result in changes that increase the effectiveness and efficiency of the services at Krungthai Bank.	-.420	-.182
4) There is a system for recruiting and selecting employees with innovative attitudes, skills, experience, views, and perspectives.	-.604	1.405

Table 4.28 (Continued)

Recruitment	Skewness (SK)	Kurtosis (KU)
5) There is recruitment of candidates suitable for the work positions regarding education, experience, and capabilities.	-.583	.432
Development		
1) Employees are encouraged to build upon accumulated knowledge and experience to develop expertise for the achievement of objectives and goals of Krungthai Bank.	-.319	.376
2) There is training and continuing education to increase knowledge, skills, and experience for the personal development of employees to achieve the goals of all related parties.	-.603	1.017
3) There is improvement to the operation process to enhance the capabilities of employees and Krungthai Bank.	-.645	1.113
4) There is improvement to the work process of individual employees that results in Krungthai Bank being more efficient in order to reach the established objectives.	-.744	1.256
5) There is continuous development of employees to keep up to date with changes and in the achievement of goals according to Krungthai Bank's plans.	-.759	1.228
Retention		
1) There is development for individual growth that agrees with the individual's interests and needs.	-.807	.769
2) The work procedures focus on building experience and on assigning tasks that allow employees to demonstrate their full capabilities.	-.567	.644
3) Employees are able to transfer to other departments that suit their aptitude or that allow them to make significant contributions for the ultimate benefit of Krungthai Bank.	-.356	.729
4) There are good compensation and welfare benefits that meet the needs of everyone to promote a better quality of life.	-.502	.612

Table 4.28 (Continued)

Retention	Skewness (SK)	Kurtosis (KU)
5) Employees are supported for career advancement and receive approval for assigned work which gives them pride.	-.532	1.053
Strategy		
1) Krungthai Bank has existing plans that lead to the allocation of limited resources that will drive the organization to achieve established goals.	-.417	.889
2) Krungthai Bank has implemented work that will lead to the allocation of limited resources that will drive the organization to achieve established goals.	-.567	.754
3) Krungthai Bank's operation has sustainable profits to promote progress and stability.	-.856	.649
4) Krungthai Bank aims to operate in accordance with the needs of the customers in order to provide services that offer satisfaction and pleasure for them.	-.362	.612
Structure		
1) Krungthai Bank has a structure that emphasizes the quality of the services to prevent errors so that all employees can complete their assigned work.	-.447	.539
2) Krungthai Bank has a decentralized structure and places importance on both line functions and support functions.	-.667	.714
3) Krungthai Bank has a management structure that continually adapts to prevent the dissolution of the organization in the long term.	-.556	.589
Systems		
1) Krungthai Bank has both formal and informal work procedures to increase the effectiveness of work.	-.287	.765
2) There are continuous improvements and adjustments to all the systems in Krungthai Bank to generate maximum effectiveness that results in progress and growth.	-.707	.554

Table 4.28 (Continued)

Systems	Skewness (SK)	Kurtosis (KU)
3) There is a system for selecting employees that are suitable for Krungthai Bank, particularly the selection of executives that are developed from within the organization.	-.407	.259
Style		
1) Krungthai Bank has a management style that emphasizes effective and efficient results.	-.811	.701
2) All parties have independence in their work and have the feeling of ownership towards Krungthai Bank.	-.787	.334
3) Krungthai Bank is employee-centric and values the employees as the most important assets.	-.426	.639
Ultimate Goal		
1) Krungthai Bank has an Ultimate goal that stimulates and induces the feeling of appreciation among employees and that connects the people with the objectives.	-.607	.849
2) Krungthai Bank values ideology more than profits in order to change the approach to generate progress.	-.237	.504
3) There is participative management in teamwork, which is an interconnected network that leads to the same mission.	-.426	.709
Customers' Satisfaction		
1) The location and the environment of the bank are suitable, clean, and spacious, and the materials and supplies are modern.	-.527	.669
2) Employees are able to provide service in accordance with the established rules of the bank in an accurate manner, and the number of employees is adequate for serving customers.	-.537	.534
3) Employees are able to provide knowledge, information, and news about the services of the bank accurately.	-.396	.529

Table 4.28 (Continued)

Customers' Satisfaction	Skewness (SK)	Kurtosis (KU)
4) Employees pay attention to and take care of customers sincerely, which makes the customers feel valued.	-.572	.612
Organization's Effectiveness		
1) Krungthai Bank has plans for allocating limited resources to drive the organization to achieve established goals.	-.477	.639
2) The management style emphasizes effective and efficient results.	-.547	.504
3) There are employees that are specialized in providing services or that have outstanding capabilities that create distinction from competitors consistently.	-.436	.719
4) There is preparation in every aspect for the efficient operation and conduct of activities within the ASEAN Economic Community.	-.532	1.053

According to Table 4.28, overall, the majority of the variables exhibit symmetric or close to normal-curve distribution. This could be evaluated from the skewness of these variables, which included values close to zero, ranging from -.468 to -.174. This indicates that the sample gave those variables medium ratings, causing their means to be in the medium range. Some of the variables exhibit data distribution that was skewed left, which could be observed from the negative skewness ranging from -.918 to -.501 and indicates that the sample rated these variables quite highly, resulting in high means.

With respect to kurtosis, most of the variables had lower values for kurtosis than the normal curve, which is evident in negative values for Kurtosis ranging from -1.254 to -.162. This indicates that these variables have data with a significant distribution. However, some of the variables had more significant kurtosis than the normal curve, which can be seen from positive values for kurtosis ranging from .594 to 1.496. This reveals that these variables had data that were concentrated.

Results of the Analysis of the Validity of Observed Variables

In the analysis the validity of the observed variables for the research, the statistics used were Bartlett's test of sphericity and the Kaiser-Mayer-Olkin index to test whether the observed variables could explain the latent variables, as shown in Table 4.29.

Table 4.29 Bartlett's Test of Sphericity and Kaiser-mayer-olkin Index

Variables	Bartlett's Test of Sphericity	P-value	Kaiser-mayer-olkin Index
observed variables	2698.657	.000	.816

According to Table 4.29, Bartlett's test of sphericity was 2698.657 ($p = .000$), which means that the correlation matrix of the observed variables differed from the identity matrix significantly. Additionally, because the Kaiser-Mayer-Olkin index was close to 1 at .816, the observed variables in the research were valid for estimating the various parameters of the research.

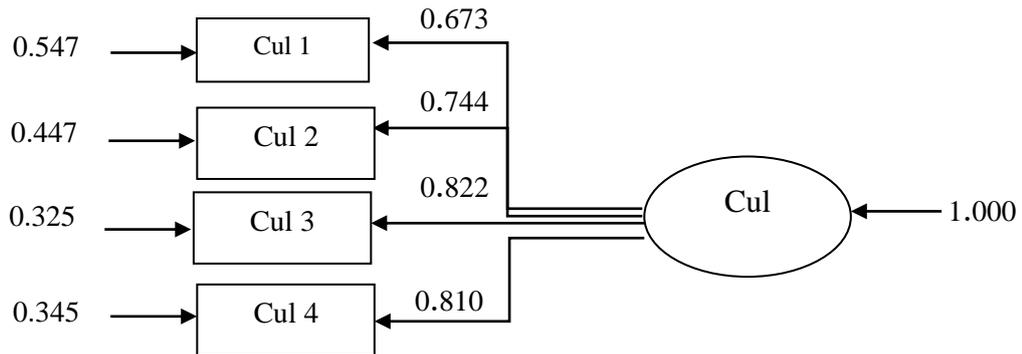
4.1.3 Confirmatory Factor Analysis

The confirmatory factor analysis of measurement model of each latent variable was done in order to verify the construct validity by testing the convergent validity and discriminant validity. The purpose was to analyze the measurement model of the latent variable that resulted from measuring the construct variables according to the measurement theories formulated by the researcher from the review of the relevant literature and research to determine congruence with the empirical data by testing convergent validity and discriminant validity. The details are as follows.

1) Organizational Culture

The analysis of the model with respect to Organizational culture with confirmatory factor analysis using LISREL included the observed variables from the questions categorized into 4 parts, which were Clan culture (Cul1), Hierarchical culture (Cul2), Adhocracy culture (Cul 3), and Market culture (Cul 4). All of the factor loadings met the established criterion of having more significant values than 0.5 (Hair, Black, Babin, Anderson, & Tatham, 2006, pp 777-779). VE is equal to

0.581 construct reliability (CR) meet the criterion that the CR has to have value of at least 0.6. (Hair et al., 2006: 778). with a construct reliability of Cul equal to 0.873. The details are shown in Table 4.30. The confirmatory factor analysis of the measurement model of the variables for Organizational culture is illustrated in Figure 4.2.



Note: Chi-square=0.0197, df= 3, p-value = 0.888, RMSEA = 0.0000

Figure 4.2 Confirmatory Factor Analysis of the Measurement Model of the Variables for Organizational Culture

The results of the confirmatory factor analysis of the variables for Organizational culture are shown in Table 4.28.

Table 4.30 Results of the Confirmatory factor analysis of the variables in Organizational Culture

Observed Variables	Factor Loading		Coefficient	
	Loading	SE	t-value	R ²
Cul1	0.673	0.032	15.003	0.453
Cul2	0.744	0.030	17.890	0.553
Cul3	0.822	0.030	20.064	0.675
Cul4	0.810	0.030	19.650	0.655

$\chi^2 = 0.0197$, $df = 3$, $\chi^2 / df = 0.0197$, $p\text{-value} = 0.888$, $GFI = 1.000$, $AGFI = 1.000$
 $NFI = 1.000$, $NNFI = 1.005$, $CFI = 1.000$, $RMSEA = 0.0000$, $RMR = 0.0003$, $SRMR = 0.0006$

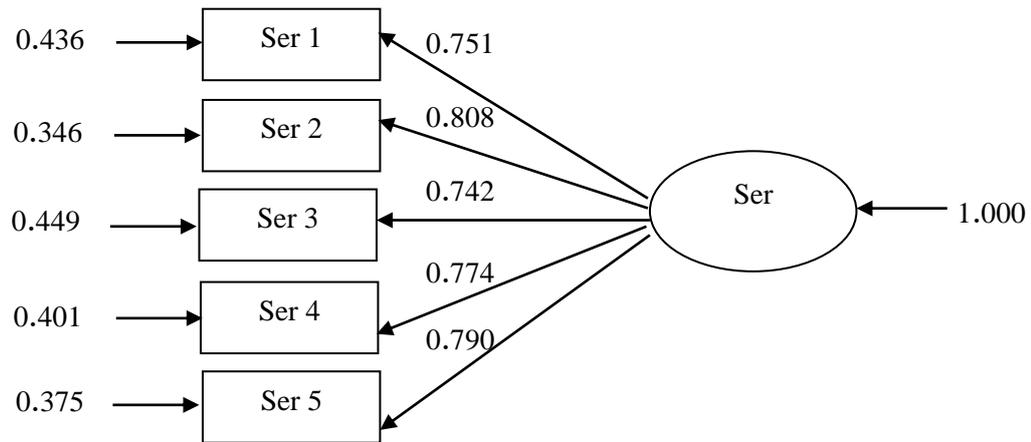
According to Figure 4.2 and Table 4.30, the model for the measurement of the relationship variables revealed that all of the Factor loadings met the established criterion of having more significant values than 0.3 with Adhocracy culture (Cul3) having the highest loading of 0.822, followed by Market culture (Cul4) at 0.810, and with Clan culture (Cul1) having the lowest loading at 0.673. The standard errors and t-statistics demonstrated that the Factor loadings were statistically different from one another at the significance level of 0.01. With respect to R^2 , which indicates the proportion of the variance between Observed variables and communalities, Adhocracy culture (Cul3) had the most significant R^2 at 0.675, followed by Market culture (Cul4) at 0.655, while Clan culture (Cul1) had the least value of 0.453.

2) Service Quality

Analysis of the measurement model with respect to Service quality with the confirmatory factor analysis using LISREL included the Observed variables from questions Ser_item1, Ser_item2, Ser_item3, Ser_item4 and Ser_item5. In the analysis of the structural equation model, particularly concerning the measurement model, there is an assumption that allows for relationships between errors, which is consistent with reality. The result of the analysis revealed that the measurement model for the variables of Service quality fit the empirical data. The relative chi-square calculated from χ^2/df must not exceed 2, the p-value must be more significant than 0.05, the RMSEA must be less than 0.05, the goodness-of-fit index (GFI) must be more significant than 0.9, and the AGFI must be more significant than 0.9.

Because χ^2 was equal to 2.327 and df was 4, χ^2/df was equal to 0.77, resulting in a p-value of 0.507 and an RMSEA of 0.0000. All of the Factor loadings were more significant than 0.5 (Hair et al., 2006, pp. 777-779). One found that all of the variables for Service quality met the established condition, with a VE of 0.598. The construct reliability of all the variables met the condition of having a value of at least 0.6 (Hair et al., 2006, p. 778), with the construct reliability of Ser equal to 0.882. Details are shown in Table 4.31.

The confirmatory factor analysis of measurement model of the variables for Service quality is portrayed in Figure 4.3.



Note: Chi-square=2.327, df= 4, p-value = 0.507, RMSEA= 0.000

Figure 4.3 Confirmatory Factor Analysis of the Measurement Model of the Variables for Service Quality

The results of the Confirmatory factor analysis of the variables for Service quality using LISREL are shown in Table 4.31.

Table 4.31 Results of the Confirmatory Factor Analysis of the Variables in Service Quality

Observed Variables	Factor Loading		Coefficient	
	Loading	SE	t-value	R ²
Ser1	0.751	0.028	17.998	0.564
Ser2	0.808	0.027	20.474	0.654
Ser3	0.742	0.030	18.205	0.551
Ser4	0.774	0.029	19.339	0.599
Ser5	0.790	0.028	19.911	0.625

$\chi^2 = 2.327$, df = 4, $\chi^2/df = 0.775$, p-value = 0.507, GFI = 0.998, AGFI = 0.991
NFI = 0.999, NNFI = 1.001, CFI = 1.000, RMSEA = 0.000, RMR = 0.0031, SRMR = 0.0063

According to Figure 4.3 and Table 4.31, the measurement model of the variables for Service quality revealed that all of the Factor loadings met the condition

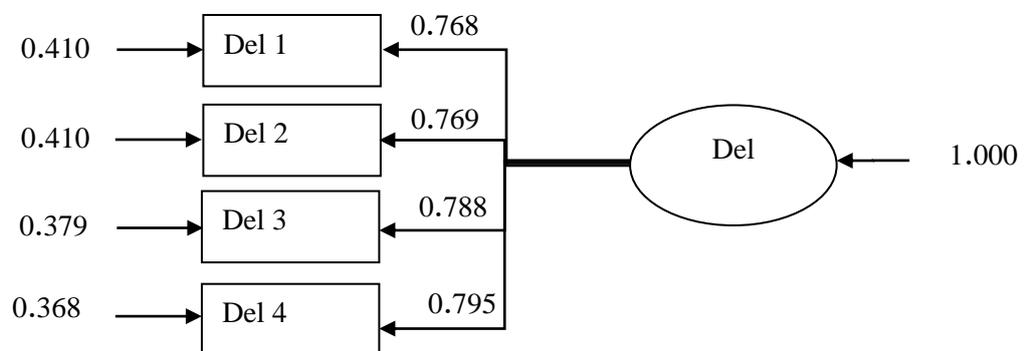
of having more significant values than 0.3, with Reliability (Ser2) having the most significant Factor loading of 0.808, followed by Empathy (Ser5) at 0.790, and with Responsiveness (Ser3) having the lowest loading of 0.742. The standard errors and t-statistics revealed that the Factor loadings statistically differed from one another at the significance level of 0.01. With respect to R^2 , which indicates the proportion of the variance between Observed variables and communalities, Reliability (Ser2) had the most significant R^2 of 0.654 followed by Empathy (Ser5) at 0.625, while Responsiveness (Ser3) had the lowest value of 0.551.

3) Human Resource Management and Development

The analysis of the measurement model for Human resource management and development with confirmatory factor analysis using LISREL included differed Observed variables from questions Del_item1, Del_item2, Del_item3, Del_item4. With χ^2 of 4.179 and df of 3, the relative chi-square of χ^2/df , which has to be less than 2 according to the standard condition, was equal to 1.04, giving a p-value of 0.382 and an RMSEA of 0.0094.

All of the Factor loadings met the condition of being more significant than 0.5 (Hair et al., 2006, pp. 777-779) VE of 0.609. The construct reliability (CR) of all the variables met the condition of having values of at least 0.6. (Hair et al., 2006, p. 778) with a construct reliability of Del equal to 0.886.

The confirmatory factor analysis of the measurement model of the variables for Human resource management and development is shown in Figure 4.4.



Note: Chi-square=4.179, df= 3, p-value = 0.382, RMSEA=0.0094

Figure 4.4 Confirmatory Factor Analysis of the Measurement Model of the Variables for Human Resource Management and Development

For the results of the Confirmatory factor analysis of the variables in Human resource management and development using LISREL, see Table 4.32.

Table 4.32 Results of the Confirmatory Factor Analysis of the Variables for Human Resource Management and Development

Observed Variables	Factor Loading		Coefficient	
	Loading	SE	t-value	R ²
Del1	0.768	0.027	19.311	0.590
Del2	0.769	0.027	19.401	0.600
Del3	0.788	0.029	20.016	0.621
Del4	0.795	0.027	19.986	0.632

$\chi^2 = 4.179$, $df = 3$, $\chi^2/df = 1.044$, $p\text{-value} = 0.382$, $GFI = 0.997$, $AGFI = 0.987$
 $NFI = 0.998$, $NNFI = 1.000$, $CFI = 1.000$, $RMSEA = 0.0094$, $RMR = 0.0041$, $SRMR = 0.0090$

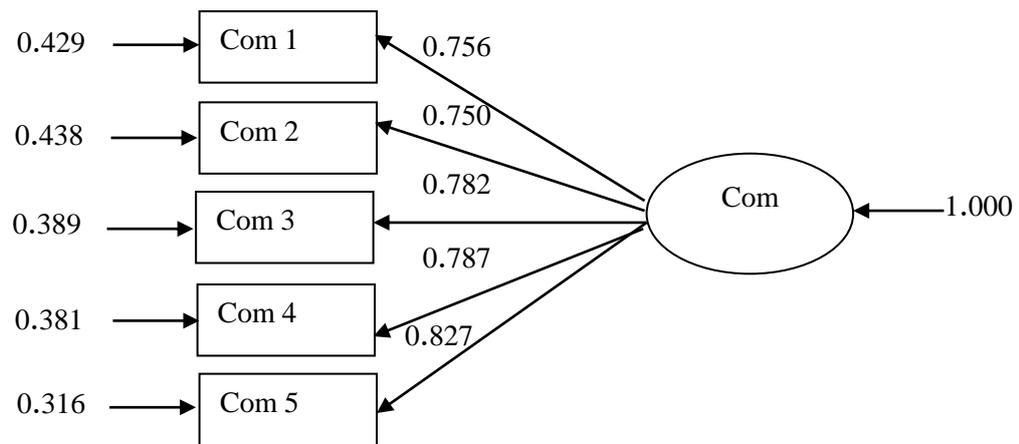
According to Figure 4.3 and Table 4.32, the measurement model for the variables of human resource management and development revealed that all of the Factor loadings met the condition of being more significant than 0.3, with Retention (Del4) having the most significant Factor loading of 0.795, followed by Development (Del3) at 0.788, and with Planning (Del1) having the lowest loading of 0.768. The standard errors and t-statistics revealed that the Factor loadings statistically differed from one another at a significance level of 0.01. With respect to R², which indicates the proportion of the variance between Observed variables and communalities, Retention (Del4) had the most significant R² of 0.632, followed by Development (Del3) at 0.621, while Planning (Del1) has the lowest value of 0.590.

4) Competitive Advantage

The analysis of measurement model for Competitive advantage (Com) with confirmatory factor analysis using LISREL included the Observed variables from questions Com_item1, Com_item2, Com_item3, Com_item4 and Com_item5. With χ^2 of 2.728 and df of 4, the relative chi-square χ^2/df , which has to meet the standard of being less than 2, was equal to 0.682, giving a $p\text{-value}$ of 0.604 and an RMSEA of 0.0000.

All of the Factor loadings met the condition of being more significant than 0.5 (Hair et al., 2006, pp. 777-779). VE was equal to 0.610 construct reliability (Hair et al., 2006, p. 778) construct reliability of Com was 0.886 which met the condition of being at least 0.6. Details are shown in Table 4.33.

The confirmatory factor analysis of the measurement model of the variables for Competitive advantage is shown in Figure 4.5



Note: Chi-square=2.728, df= 4, p-value = 0.604, RMSEA=0.0000

Figure 4.5 Confirmatory Factor Analysis of the Measurement Model of the Variables for Competitive Advantage

For the results of the confirmatory factor analysis of the variables for Competitive advantage using LISREL, see Table 4.33.

Table 4.33 Results of the Confirmatory Factor Analysis of the Variables for Competitive Advantage

Observed Variables	Factor Loading		Coefficient	
	Loading	SE	t-value	R ²
Com1	0.756	0.028	18.763	0.571
Com 2	0.750	0.030	18.549	0.562
Com 3	0.782	0.029	19.840	0.611

Table 4.33 (Continued)

Observed Variables	Factor Loading		Coefficient	
	Loading	SE	t-value	R ²
Com 4	0.787	0.029	20.030	0.619
Com 5	0.827	0.028	21.519	0.684

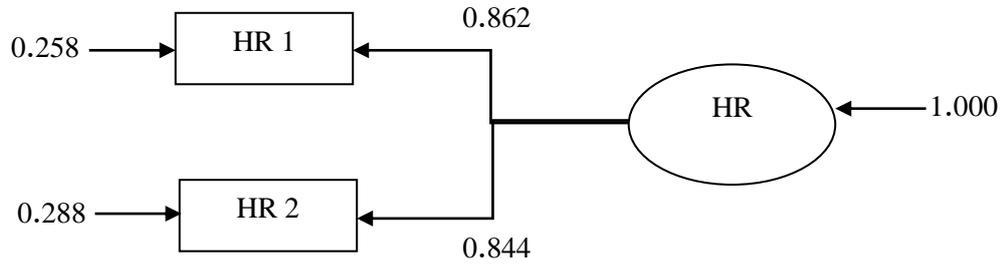
$\chi^2 = 2.728$, $df = 4$, $\chi^2/df = 0.682$, $p\text{-value} = 0.604$, $GFI = 0.998$, $AGFI = 0.992$
 $NFI = 0.999$, $NNFI = 1.002$, $CFI = 1.000$, $RMSEA = 0.0000$, $RMR = 0.0038$, $SRMR = 0.0071$

According to Figure 4.5 and Table 4.33, the measurement model for the variables for Competitive advantage revealed Factor loadings that met the condition of being more significant than 0.3 with Ultimate goal (Com5) having the most significant loading of 0.827, followed by Style (Com4) at 0.787, and with Structure (Com2) having the lowest loading of 0.750. The standard errors and t-statistics revealed that the Factor loadings statistically differed from one another at a significance level of 0.01. With respect to R², which indicates the proportion of the variance between Observed variables and communalities, Ultimate goal (Com5) had the most significant R² of 0.684, followed by Style (Com4) at 0.619, while Structure (Com2) had the lowest value of 0.562.

5) HR Transformation

The analysis of the measurement model for the variables of HR transformation (HR) with confirmatory factor analysis using LISREL included the Observed variables from questions HR_item1 and HR_item2 and provided χ^2 of 7.306 and df of 1. The relative chi-square had to meet the standard of being less than 2 and could be calculated from χ^2/df , which was equal to 1.826, giving a p -value of 0.121 and an RMSEA of 0.0407. All of the Factor loadings met the condition of being more significant than 0.3 (Hair et al., 2006, pp. 777-779) VE was equal to 0.664. Construct reliability met the condition of being at least 0.6 (Hair et al., 2006, p. 778) with the construct reliability of HR at 0.908. Details are produced in Table 4.34.

The confirmatory factor analysis of the measurement model of the variables for HR transformation is shown in Figure 4.6.



Note: Chi-square=7.306, df= 1, p-value = 0.121, RMSEA=0.0407

Figure 4.6 Confirmatory Factor Analysis of the Measurement Model of the Variables for HR Transformation

For results of the Confirmatory factor analysis of the variables in HR transformation using LISREL, see Table 4.26

Table 4.34 Results of the Confirmatory Factor Analysis of the Variables for HR Transformation

Observed Variables	Factor Loading		Coefficient	
	Loading	SE	t-value	R ²
HR 1	0.862	0.031	23.376	0.742
HR 2	0.844	0.030	22.639	0.712

$\chi^2 = 7.306$, $df = 1$, $\chi^2/df = 1.826$, $p\text{-value} = 0.121$, $GFI = 0.994$, $AGFI = 0.978$
 $NFI = 0.997$, $NNFI = 0.997$, $CFI = 0.999$, $RMSEA = 0.0407$, $RMR = 0.0063$, $SRMR = 0.0097$

According to Figure 4.6 and table 4.34, the measurement model for the variables of HR transformation revealed Factor loadings that met the condition of being more significant than 0.3, with Customers’ satisfaction (HR 1) having the most significant Factor loading of 0.862 and the Organization’s effectiveness (HR 2) having the Factor loading of 0.844. The standard errors and t-statistics revealed that the Factor loadings statistically differed from one another at a significance level of 0.01. With respect to R², which indicates the proportion of the variance between

Observed variables and communalities, Satisfaction of the Service Users (HR 1) had the most significant R^2 of 0.742 and Organization's effectiveness (HR 2) has R^2 of 0.712.

4.1.4 Testing the Statistical Assumptions of the Data

This part comprised testing the quality of the data for congruence with the assumptions in analyzing the structural equation model using LISREL. These assumptions included the normality of the data distribution, the test for homoscedasticity, and the investigation of the linearity of the relationship between the independent and dependent variables. The examination of the characteristics of the data for congruence with the assumptions of multivariate analysis for the structural equation model involved 1) testing for the normality of data distribution, 2) testing for homoscedasticity, and 3) testing for linearity. Testing for the congruence between the data and the assumptions is crucially required for multivariate analysis because in analysing data with a large number of variables, if the variables have characteristics that do not agree with the assumptions, the results of the data analysis will not be in line with the assumptions. This results in errors in analyzing the data from the fact that the data are in conflict with the assumptions which could not be detected by the researcher.

1) Test for the normality of the distribution of data

In order to determine the efficiency of the estimation of the values for the variables or the robustness of the estimation of statistics used in the t-test and f-test, there is an assumption that variables must have normal distributions, and there should be an examination for normality of the data distribution for all of the metric variables in the analysis (Hair et al., 2006, p. 71). The test for normality revealed that each variable had a normal-curve distribution.

2) Test for homoscedasticity is used for regression analysis in which the independent and dependent variables are metric variables, while the homogeneity of variances is used for the analysis of variance in which the dependent variables are metric variables and the independent variables are non-metric variables. In this research, the researcher investigated homoscedasticity because the independent variables and the dependent variables were metric variables, and homoscedasticity

was defined as having dependent variables with the same random disturbance (variance) across all values of the independent variables. The procedure for the test entails evaluating the relationship between the standardized residual and the standardized predicted homoscedasticity. If the disturbances are scattered randomly without increasing or decreasing systematically, then it can be concluded that there is homoscedasticity. It was found that the residuals were randomly scattered without a significant increasing or decreasing trend. Thus, the conclusion was that the data complied with the assumption of homoscedasticity.

3) Test for linearity. All types of analytical statistics that are based on the analysis of the Pearson correlation coefficients have the assumption that the relationship between each pair of variables is linear. The test used here was a scatter plot, which illustrated the relationship between standardized residuals and each independent variable in order to determine the linear relationships between the variables. As the residuals were random without increasing or decreasing trends, it was concluded that the data were in accordance with the assumption of the linear relationship.

4.1.5 The Path Analysis of the Relationships and the Hypothesis Testing

The test of the hypothesized model is the analysis of the causal relationships among variables using LISREL (analysis of moment structures), where the variables at the tails of the arrows are the causal variables or the variables that change the variables at the heads of the arrows. In other words, the variables at the tails have direct effects on the variables at the heads. The statistics used in this research measured the congruence between the constructed model and empirical data from analysing the resulting data that demonstrated the direct, indirect, and total effects of the paths of relationships of the model for the HR transformation and Competitive advantage of Krungthai Bank, as mentioned. The details of the analysis of each issue, The researcher has presented the causal relationship between the variables in each path in response to each hypothesis as follows.

Hypothesis 1 Organizational culture has a positive influence on competitive advantage.

Hypothesis 2 Service quality has a positive influence on competitive

advantage.

Hypothesis 3 Human resource management and development have a positive influence on competitive advantage.

Hypothesis 4 Competitive advantage has a positive influence on HR transformation to create a competitive advantage for Krungthai Bank.

Hypothesis 5 Organizational culture has an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.

Hypothesis 6 Service quality has an indirect influence on HR transformation to create a competitive advantage of Krungthai Bank.

Hypothesis 7 Human resource management and development have an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.

Table 4.35 Correlations Among Latent Variables

Variables	Organizational Culture	Service Quality	HRM & HRD	Competitive Advantage	HR Transformation
Organizational culture	1				
Service quality	0.77*	1			
HRM&HRD	0.61*	0.68*	1		
Competitive advantage	0.71*	0.64*	0.75*	1	
HR transformation	0.40*	0.56*	0.58*	0.67*	1

Note: *p<0.05

The correlations between the latent variables had values between 0.40 and 0.77, with Organizational culture and Service quality having the strongest correlation of 0.77. HR transformation and Organizational culture had the weakest correlation of 0.40. All pairs had a statistical significance of p<0.05.

The results of the path analysis of the relationship and hypothesis testing are presented in 2 parts. The first model is the hypothesized model, which presents the

results of the analysis of the structural equation model developed from the integration of the concepts, theories, and relevant research for studying the HR transformation and Competitive advantage of Krungthai Bank. The second model is the modified model.

Part 1 The results of the path analysis of the relationships according to the structural equation model developed from the hypothesized model of the HR transformation and Competitive advantage of Krungthai Bank. The exogeneous latent variables included Organizational culture (Cul), Service quality (Ser), Human resource management and development (Del), Competitive advantage (Com), and HR transformation (HR). Details of the analysis are shown in Table 4.36 and Figure 4.7.

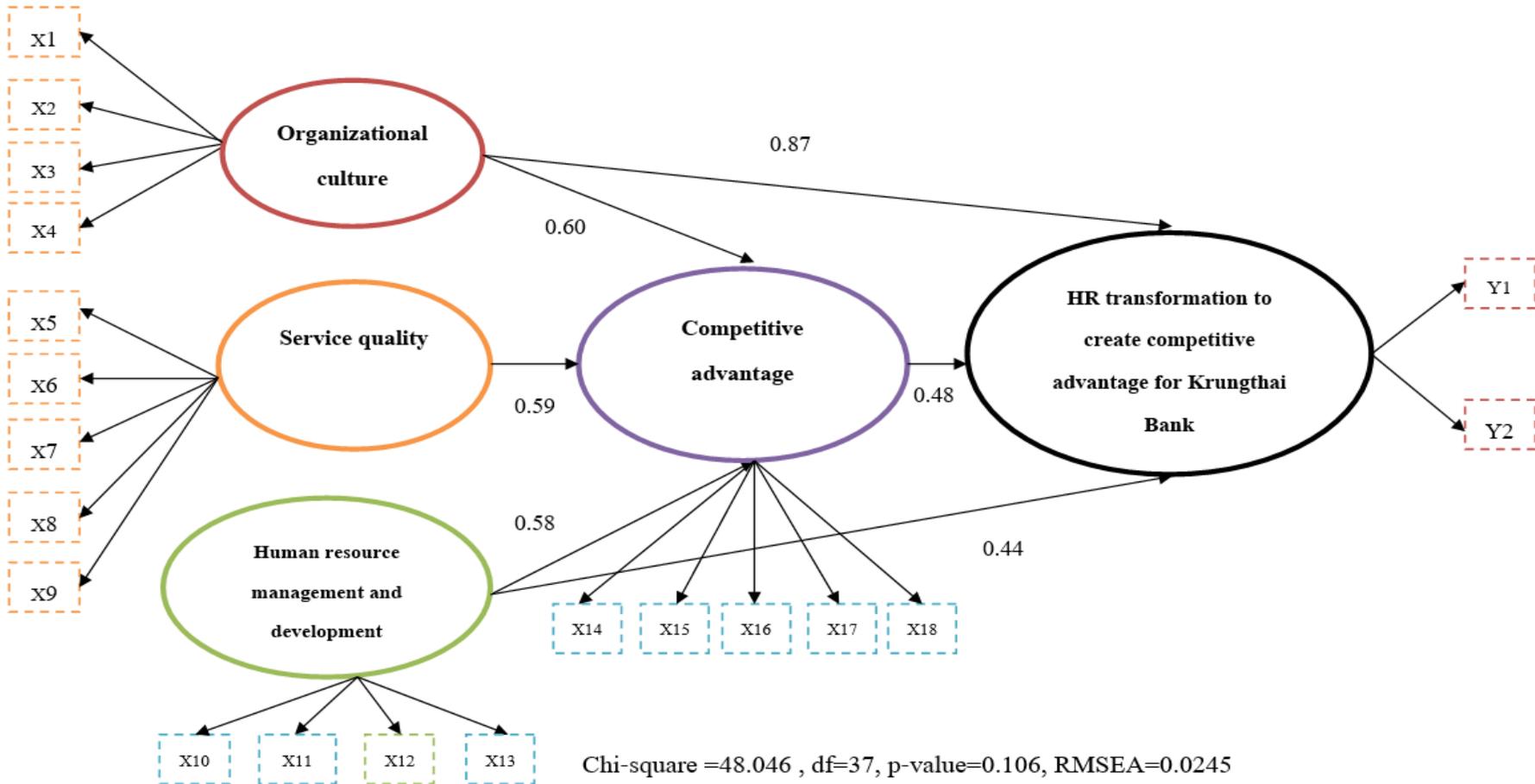


Figure 4.7 The Results of the Analysis of the Data of the Model for the HR Transformation and Competitive Advantage of Krungthai Bank

According to Figure 4.7, the conceptual framework from the hypothesized model disagrees with the empirical data, rejecting the main hypothesis that the theoretical model is congruent with empirical data. This is considered from chi-square (χ^2) being equal to 1663.186 and the degree of freedom (df) of 164. The statistical difference from zero (p-value = 0.00) should have been more significant than .05 according to the standard. The relative chi-square (χ^2/df) was 10.141 (should not be higher than 2 according to the standard). The goodness-of-fit index was 0.750 (standard requires 0.9 or higher), while the AGFI was 0.680 (standard requires 0.9 or higher). The RMSEA was 0.135 (standard is less than 0.05). Thus, the results from the analysis of the conceptual framework that had been developed from the hypothesized model suggested modifying the model by allowing the relationships among the error variances, which reflects reality. Thus, the researcher modified the model to make the conceptual framework agree with the empirical data. The path analysis of the modified linear structural relations equation model showed the simulated components of the HR transformation and Competitive advantage of Krungthai Bank, which included exogenous and endogenous latent variables.

In the initial analysis, the statistics are often unacceptable until the model is properly re-specified. There are 3 methods to improve the statistics, which are data reduction, item parceling, and connecting two-headed arrows between error variances of the dependent variables, as suggested by the modification indices (MI). The modification in this research considered theoretical probability and relied on model modification indices, which involved modifying values suggested by the program or the most important values first. These are the specific statistics of each parameter, which has a lower Chi-square value when the parameter is defined as an independent parameter or when there is a relaxation of the constraints on that parameter by establishing errors in measuring the Observed variables and allowing relationships among the errors. The findings were used to modify the model of the research until congruence with the empirical data was achieved and acceptable statistics were obtained, while relationships consistent with reality were allowed.

The finding was that the modified structural equation model agreed with the empirical data after modifying the model 24 times, resulting in acceptance of the main hypothesis that the theoretical model is congruent with empirical data. The chi-

squared (χ^2) was equal to 48.05 degrees of freedom (df). There is equal to 37, and the p-value was equal to 0.1055, passing the condition of being more significant than .05. The relative Chi-square (χ^2/df) was equal to 1.298. meeting the condition of being less than 2. With respect to congruence, The goodness-of-fit index was equal to 0.990, meeting the condition of being more significant than 0.9, and the AGFI was equal to 0.946, meeting the condition of being more significant than 0.9. The RMSEA was equal to 0.039, meeting the condition of being less than 0.05. Additionally, the results of the path analysis of the modified linear structural equation model for the HR transformation and competitive advantage of Krungthai Bank demonstrated the effects better. The hypothesized model and modified model were compared with respect to statistics measuring congruence with the empirical data, after adjusting the model according to the assumptions of the statistical analysis using LISREL, which allows the relationships among error variances and results in the modified model being more consistent with empirical data, as detailed in Table 4.36. In terms of the statistics that decreased in value, χ^2 was equal to 1663.186 prior to model modification, which was reduced to 48.046 after modifying the model, df was equal to 164 prior to model modification, which was reduced to 37 after modifying the model, χ^2/df was equal to 10.141 prior to model modification, which was reduced to 1.298 after modifying the model, and RMSEA was equal to 0.135 prior to model modification, which was reduced to 0.039 after modifying the model.

The statistics in the second group increased their significance. The p-value was equal to 0.000 before model modification and increased to $P = 0.106$ after modifying the model. NFI was equal to 0.954 before model modification and increased to 0.999 after modifying the model. NNFI was equal to 0.952 before model modification and increased to 0.998 after modifying the model. CFI was equal to 0.959 before model modification and increased to 1.00 after modifying the model. IFI was equal to 0.959 before model modification and increased to 1.00 after modifying the model. RFI was equal to 0.947 before model modification and increased to 0.993 after modifying the model. The RMR was equal to 0.0267 prior to model modification, which was reduced to 0.00466 after modifying the model. The SRMR was equal to 0.0544 prior to model modification, which was reduced to 0.0106 after modifying the model. The GFI, which indicates the variance and co-

variance explained by the model, was equal to 0.750 before model modification and increased to 0.990 after modifying the model. The AGFI, which indicates the variance and co-variance explained by the model adjusted by df, was equal to 0.833 before model modification and increased to 0.946 after modifying the model. The critical N was equal to 66.907 before model modification and increased to 611.838 after modifying the model. In conclusion, the model became more congruent with the empirical data overall after modification and met the established standards. Thus, the study of this model used the modified model to explain the effects of the HR transformation and Competitive advantage of Krungthai Bank.

Table 4.36 Comparison of the Statistics Indicating Model Congruence with the Empirical Data between the Hypothesized Model and the Modified Model

Test Statistics	Hypothesized Model	Modified Model	Standard Score
Chi-square (χ^2)	1663.186	48.046	-
df	164	37	-
p-value	0.000	0.106	more significant than 0.05
χ^2/df	10.141	1.298	less than 2.0
NFI	0.954	0.999	more significant than 0.9
NNFI	0.952	0.998	more significant than 0.9
CFI	0.959	1.00	more significant than 0.9
IFI	0.959	1.00	more significant than 0.9
RFI	0.947	0.993	more significant than 0.9
RMR	0.0267	0.0046	less than 0.05
SRMR	0.0544	0.0106	less than 0.05

Table 4.36 (Continued)

Test Statistics	Hypothesized Model	Modified Model	Standard Score
GFI	0.750	0.990	more significant than 0.9
AGFI	0.833	0.946	more significant than 0.9
Critical N	66.907	611.838	more significant than >200
RMSEA	0.135	0.0245	less than 0.05

For the results of the hypothesis testing of the modified model by analysing the direct effects, the indirect effects, and the total effects among the latent variables, refer to Table 4.37-4.38.

Table 4.37 Structural Equation Model Constructed from the Hypothesized Model for the HR Transformation and Competitive Advantage of Krungthai Bank and Service, Path Coefficients, Standard Errors, and t-values.

Path Diagram	Path Coefficients	Standard Errors	t-values
Cul → Com	0.60**	0.052	9.084
Ser → Com	0.89**	0.053	14.689
Del → Com	0.58**	0.039	8.504
Com → HR	0.48**	0.072	9.215
Cul → HR	0.67**	0.054	12.457
Ser → HR	0.68**	0.075	12.519
Del → HR	0.44**	0.023	8.055

Note: Path Diagram, Path Coefficients

* represents statistically significant at level .05 ($1.960 \leq t\text{-value} < 2.576$)

** represents statistically significant at level .01 ($t\text{-value} \geq 2.576$)

Table 4.38 The Results of the Path Analysis of the Model for the HR Transformation and Competitive Advantage of Krungthai Bank

Dependent Variables	R ²	Effects	Independent Variables			
			Organizational Culture	Service Quality	HRM& HRD	Competitive Advantage
Competitive advantage	0.83	DE	0.60**	0.59*	0.58*	-
		IE	-	-	-	-
		TE	0.60*	0.59*	0.58*	-
HR transformation	0.70	DE	0.67**	0.68**	0.44**	0.48*
		IE	0.29*	0.28*	0.28*	-
		TE	0.96*	0.96*	0.72*	0.48*

Note: DE = direct effect, IE = indirect effect, TE = total effect, * p < 0.05, ** p < 0.01

Table 4.38 shows the results from the path analysis of the effects among the variables for HR transformation after modifying the relationships until acceptable. Consideration was given to congruence, fit, and the forecast equation of the causal structural equation, as follows.

1) HR transformation = Competitive advantage* 0.48, Coefficient of Determination (R²) = 0.70

2) Competitive advantage = Organizational culture* 0.60 + Service quality*0.59 + Human resource management and development* 0.58, Coefficient of Determination (R²) = 0.83

The results above explain the paths of the effects of the components that had causal relationships with the model for the HR transformation and competitive advantage of Krungthai Bank. The details revealed that HR transformation received a positive effect from Competitive advantage, with value of 0.48, which had statistical significance. Competitive advantage received a positive effect from Organizational culture, with a statistically-significant value of 0.60, from Service quality with a statistically-significant value of 0.59, and from Human resource management and development with a statistically-significant value of 0.58.

Additionally, Organizational culture had a direct effect on Competitive advantage with statistically-significant value of 0.60. Its direct effect on HR transformation had a value of 0.67, while the indirect effect was 0.29, which was statistically significant. Service quality's direct effect on Competitive advantage was statistically significant at 0.59, its direct effect on HR transformation was statistically significant at 0.68, and its indirect effect on HR transformation was 0.28. For Human resource management and development, the direct effect on Competitive advantage was 0.58, the direct effect on HR transformation was 0.44, and the indirect effect on HR transformation was 0.28, all with a statistical significance.

Table 4.39 Summary of Results from Hypothesis Testing

	Hypothesis	Results of Hypothesis Testing
H1	Organizational culture has a positive influence on competitive advantage.	Agreed with the hypothesis
H2	Service quality has a positive influence on competitive advantage.	Agreed with the hypothesis
H3	Human resource management and development have a positive influence on competitive advantage.	Agreed with the hypothesis
H4	Competitive advantage has a positive influence on HR transformation to create a competitive advantage for Krungthai Bank.	Agreed with the hypothesis
H5	Organizational culture has an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.	Agreed with the hypothesis
H6	Service quality has an indirect influence on HR transformation to create a competitive advantage of Krungthai Bank.	Agreed with the hypothesis
H7	Human resource management and development have an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.	Agreed with the hypothesis

4.2 The Results of the Data Analysis from the Qualitative Research

The qualitative research was conducted through documentary research on academic documents, news, and online articles; field research using non-participant observation; and, particularly, in-depth interviews of relevant authorities/experts that were top management of state entities. The results of the analysis are presented as follows:

4.2.1 KTB Transformation and HR Transformation

4.2.2 Human Resource Management and Development

4.2.3 Competitive Advantage

4.2.4 Organizational Culture

4.2.5 Service Quality

4.2.6 HR Transformation and Competitive Advantage of Krungthai Bank

4.2.1 KTB Transformation and HR Transformation

4.2.1.1 KTB Transformation

The KTB Transformation project was a change for the better in order to become the number one bank in Thailand by utilizing the potentials of existing employees, collaboration, and the full dedication of time and effort to achieve the assigned tasks. The analogy to this is working together to fill a big glass of water, which represents Krungthai Bank. As customers are the priority of the operations, the new processes and procedures that resulted from the transformation will enable the bank to serve its customers more efficiently by generating more effective work in the same amount of time, or in other words, increasing the “miles per gallon.”

The bank initiated KTB Transformation in July 2013, transforming the human resource management and development and the operation processes of retail and SMEs. The crucial objectives were to generate profits comparable to those of peers, and to become an organization with sustainable growth. “Achieving results with happy employees” was also another critical goal of the project, which means profits can be increased while employees still have a work-life balance.

So far the whole KTB Transformation project, encompassing HR transformation, retail transformation, and SME transformation, has progressed in

order step by step. This progress is a result of interdepartmental cooperation and participation to drive KTB Transformation towards the desired goals.

1) The Goals of KTB Transformation

At the present, Krungthai Bank has been positioned as one of the leading banks in Thailand for more than 40 years, as one of the state-owned entities with excellent operating results, and as one of the main pillars supporting the strength of the country. It is a reputable and trusted bank. As a large organization with 20,000 employees, it is like a happy family with strong relationships. From the above, it might be legitimate to ask why the Transformation Program is needed. Due to the fact that the competitive landscape has become more intense from both local and international competitors, and the fact that customers' needs have become more complex, the bank needs to enhance its competitive potential through transformation with the following goals:

(1) In order to become the number 1 bank in Thailand by fully exploiting the bank's opportunities and potentials, similar to the act of "filling a glass of water"

(2) In order to raise productivity by increasing the amount and efficiency of output while using the same or less amount of time (enhances "miles per gallon and hit rate")

(3) In order to equip employees with capabilities to handle the more intense competition, create customer satisfaction, and generate repeat visits because the service captures the customers' needs

(4) In order to make KTB a second home for employees, where they are given opportunities to advance in their career and to have a better quality of life. The desired ultimate outcome is for KTB to be an organization that "achieves results with happy employees."

2) Scope of Transformation

Transformation encompasses the following areas:

(1) Front Office (customer-facing/marketing): there will be tools to direct sales efforts to the correct targets, sales scripts for introducing the products/services to the customers, methods for managing target customers, etc. to improve sales and customer service.

(2) Back Office (Internal Process and Risk Management):

1) tools (such as the Loan Factory, QCA) that reduce the time and steps of the operation to improve expediency and speed of work. This frees up time for the front office to engage in marketing activities, and increases the hit ratio by achieving more output more efficiently; 2) develop risk management tools (NCB, debt collection) that will elevate and strengthen risk management and reduce NPL and the reserves needed.

(3) Internal Personnel (HR + Training) : create a performance driven organization with compensation and a career path related to individual performance and provide intensive training to develop personnel to complement the transformation

3) Challenges to Making the Transformation a Success

In making the transformation a success, the bank must overcome the following challenges:

(1) Culture: culture must be transformed to become a performance driven organization with customers as the main priority

(2) Sense of Urgency: recognition of the necessity of the transformation, including how urgent each task is

(3) Change Mindset: beliefs and perspectives must be transformed to accept the change

(4) Accountability: there should be full accountability of one's work by dedicating full effort to obtain successful outcomes

4) Benefits from the Transformation

If we proceed according to the KTB Transformation project, a number of good things will happen at KTB, which is moving towards the 3 summits strategy. This is the most suitable position for the bank, being the number 1 and allowing the employees to participate in this success. The bank can expect to receive the following benefits:

(1) The bank becomes employees' second home where "results are achieved and employees are happy."

(2) Opportunity to work in the area of interest

(3) Opportunity to learn new skills, which enhances the individuals' value

(4) Opportunity to progress and to receive better compensation

(5) Pride from being a part of the bank's success

The data showed that the bank's top management in each department provided full support for this transformation and demonstrated the department's readiness and the approach to embrace the transformation. The examples are summarized below.

5) Financial Management Group: prepared to support and encourage KTB transformation

The Financial Management Group played a role and participated in the KTB Transformation project. In particular, training employees about various foreign trade and remittance/foreign exchange products and services, international business products and services will make them more enthusiastic in cross-selling them. In addition, the group supported the MIS (management information system), which reflected the bank's policy to allocate KPI to individual employees. The MIS was developed in parallel with transformation project to ensure timely, accurate, and useful information for each level of management. The Financial Management Group also increased the roles of international business, including those of overseas branches, in providing beneficial advisory services to customers of various departments, and communicating with rating agencies and analysts about the direction of the bank's strategies. The strength of Krungthai Bank is the fact that employees exhibit comradeship and loyalty to the organization. If all employees aim to increase their own capabilities and work professionally as a team, all of the tasks will be successful (Kittiya Todhanakasem, personal communication, November 3, 2016).

6) Retail Banking Sales and Distribution Group: service mind must be in the DNA

The bank are able to promote understanding of new era of commercial bank services and competitive service excellence. We generate good spirits in preparation for cooperating with the transformation. Additionally, work

processes have been improved to make customer service more rapid and to make service excellence measurable. A service mind has been essential before and will continue to be after the transformation, which needs to be in the employees' DNA. Further, employees must assume the role of good financial advisors. Finally, for the KTB Transformation project, employees are implored to embrace the process and adapt themselves, while improving their skills continuously. I believe we will be able to confront and handle the upcoming changes while keeping the bank's benefits as the main consideration (Vech Nuchchaloen, personal communication, November 3, 2016).

7) Human Resources and Corporate Governance Group: Succession Planning

The Human Resources and Corporate Governance Group has proceeded with the plan under HR transformation. The PMC (People Management Committee) has been formed, and the authority to manage human resources has been decentralized and distributed to each department with the HR department as the coordinator, working jointly in the resource planning and recruitment process. One key area is succession planning to provide successors to replace 5,000 workers that will retire in the next 10 years, 60% of whom are in supervisory roles. Thus, it is necessary for the bank to plan to groom, select, and develop employees under the individual development program.

Chaianun Siravanichkan-Former First Executive Vice President-Head of Human Resources and Corporate Governance Group (personal communication, November 3, 2016) said that "KTB transformation is a massive change introduced by the visionary leader with the goals of growth and of employees achieving success and being happy. Transformation is necessary and important. Employees should all acknowledge, collaborate, and make it successful. I believe that KTB transformation is the appropriate course that will close bank's gap with peers".

4.2.1.2 HR Transformation

As the KTB transformation is the bank's transformation of operations with the main objective of sustainable organizational growth, HR operations must also be transformed to be compatible with the direction of the bank's policies.

Vorapak Tanyawong (personal communication, April 5, 2013), Managing Director of Krungthai Bank Public Company Limited, summarized the HR transformation as follows:

I still insist on the making Krungthai Bank an organization that “ achieves results with happy employees.” Today, I can recognize the potential, knowledge, and abilities of employees; can sense their love for Krungthai Bank; and can feel their willingness to drive Krungthai Bank forward together. Thus, regardless of the volatility of the economies and external factors affecting our operations, I believe that the employees’ knowledge, abilities, and passion for the organization will be a significant element that helps the organization reach its goals.

The bank is about to embark on a type of HR transformation that is in a tripartite form. The first element is the People Management Committee, which oversees the bank’s main HR policy. The second element is the Human Resources and Corporate Governance Group as a strategic partner for each department, providing advice and managing human resources in accordance with the PMC’s policy and the bank’s strategy. The third element is the Employee Management Committee in each department, which will play an increasing role in the department’s HR matters, particularly regarding 7 key HR issues, which are resource planning, recruitment and staffing, training and development, performance measurement, succession plan, career planning, and a talent pool. Thus, the role of top management in each department is "line manager as a HR manager."

The HR transformation will lead the bank to achieve its strategic goal, become a performance driven organization, and become an employer of choice which attracts talent. Although there is an expectation that Krungthai employees will willingly devote their full time and effort to their work, health and family will not be neglected.

Chaianun Siravanichkan (personal communication, December 16, 2014), summarized the process of HR transformation as follows:

- 1) Decentralization of human resource management into 3 parts, called tripartite

Formerly, the human resource management, including hiring and appointing employees, was based on the same standards throughout the organization. However, due to the changing environment and the managing director's desire to adopt the approach of a performance driven organization, all departments have become involved in human resources management. "Tripartite" is the delegation of human resource management into 3 groups.

(1) The people management committee has the managing director as the chairman and each department's head as a member. These individuals have a role in formulating strategies and knowing the direction of the bank's operations. Thus, the PMC has the duty of specifying HR policy to complement the established directions or strategies.

(2) The Human Resources and Corporate Governance Group plays a supportive role in jointly establishing HR policy with the PMC and follows up on the implementation of such policy.

(3) The employee management committee in each department works with HR in defining standards and approaches for managing the department's human resources within the policy framework of PMC to meet the department's needs. Each department will administer 7 HR areas called strategic HR.

2) "Strategic HR" 7 tasks for each department

Human resources management as prescribed by the tripartite plan assigns the employee management committee the role of supporting 7 HR tasks, which include the following:

(1) Resource Planning: estimate the amount of manpower, deliberate the increase-decrease in manpower, while considering the overall organizational structure

(2) Recruitment and Staffing: establish criteria, approaches, and methods of recruitment

(3) Training and Development: plan the training of employees, the methods of training, and the methods of development, which could be coaching or on-the-job training as appropriate.

(4) Performance Measurement: outline the performance measurement and standardized KPI

(5) Succession Plan: respond to the retirement of employees by grooming successors with consideration of performance in various areas, such as leadership

(6) Career Planning: deliberate promotion according to the established criteria of each department to support advancement in career paths

(7) Talent Pool: establish selection and development criteria for talent, follow-up on their performance, and provide support in accordance with performance

3) Increasing each department's role in HR management

Chaianun Siravanichkan (personal communication, 2014) also insisted that assigning the 7 HR tasks to each department was not done to increase their workload, but will be beneficial to the bank and the employees if each department is involved in HR management according to their needs and job responsibilities.

Each job is unique. Some requires a specific type of personnel. Thus, having each department involved in HR consideration is conducive. In personnel development and grooming Successor, each department can establish their own plans and approaches as they evaluate the potentials of their employees. Nonetheless, each department's successors are not limited to advancement within their respective department; they could grow in other departments if they are qualified.

After the HR transformation, the Human Resource and Corporate Governance Group is still responsible for HR management, while the organization has been transformed to be congruent with the direction of the bank. According to the tripartite approach to HR management, representatives from the HR department disseminate the policy from the PMC and collaborate with each department to discuss and determine HR needs. Then, they will work with others in the HR department as prescribed by the PMC's HR policy, and continue to support other departments in achieving the strategic goals. It is expected that HR operations are transformed by the first quarter of 2014.

4) Transfers should be completed within 6 months

Issues of impediments and contentions for employees are filling vacant positions and requesting for transfers. Chaianun Siravanichkan explained that when a position becomes available, the bank has an explicit procedure that requires the recruitment and selection of qualified internal employees for that position before recruitment from external sources. This procedure has been consistently adhered to. After the HR transformation, to build good morale among employees, there will be promotion according to functional title. With regard to requests for transfers to new departments, if the new department has already accepted the employee, the employee must be allowed to transfer. If there is an extenuating circumstance or impact on the existing job, then the employee may request continuing to work at the same job, but for no longer than 6 months. Any department that prohibits an employee from transferring must be able to explain the reasons and to specify the time when the employee may be released. At the present, the Human Resources and Corporate Governance Group has a monthly meeting with each department, and it is expected that transfers will be made more promptly.

5) Employees' Adaptation

The transformation has a good rationale and is expected to produce positive effects. Chaianun Siravanichkan (personal communication, 2014) shared an idea about HR transformation:

I have worked for a long time and seen many changes. In particular, the recent period has seen tremendous and rapid shifts, perhaps due to our competitors and the economy. From my perspective, the changes were all favorable because they have good causes that the employees must understand, learn, accept, and adapt themselves accordingly.

6) Change in the organizational structure regarding HR: add business partner

HR transformation is a scheme to increase HR productivity, which includes adjustments to the organizational structure by introducing 2 new business partner departments. The Bank's HR transformation aims to increase the

efficiency of 4 areas in HR management, which are: 1) reorganization of the organizational structure; 2) streamline the operation of HR management to make it more efficient, and enhance the resource planning, which includes estimation of needs, recruitment, and assignment of personnel; 3) develop performance evaluation that aligns with the bank's operations; and 4) link to well-structured compensation. Additionally, there is emphasis on making transformation a part of the Organizational culture.

A very discernible change is the reorganization of the HR department. Mayurasiri Pongtharanon (personal communication, November 3, 2017), First Executive Vice President-Head of Human Resources and Corporate Governance Group, who carried on the HR transformation project from her predecessor, explained the progress of the project as follows.

HR transformation involves the renovation of the internal processes of the HR department to increase efficiency, allowing HR to become a strategic partner of other departments. HR has been reorganized by establishing HR Business partner Department 1 and 2, which will outline the HR procedures, provide advice, and support other departments.

The Business partnerpartner (BP) has an advisory role with other departments regarding HR matters with expertise in HR and knowledge of the business and the bank's strategy. The BP understands the jobs of each department in order to determine the human resource needs and to manage and allocate resources appropriate to business changes in each department, which will support the bank to move forward. Business partner places a priority on 4 areas:

(1) Recruitment: assess requirements, plans, and provide advice in recruitment

(2) Performance Management: oversee the performance measurement of each department

(3) Training and Development: evaluate needs to plan training and development

(4) Communication: be the main contact point for communicating information regarding HR so that employees have the same and accurate understanding

The HR business partner Department 1 and 2 have prepared to become a business partner. HR business partner has been created to play a role in driving the bank's business expansion. The role has been changed from that of a specialist to the role of HR-BP, which is an HR advisor for all departments that works actively to analyze and provide consultation on planning HR management, and takes responsibility for making the "people" the most productive and suitable to the needs based on an enhanced understanding of the nature of the business of each department. HR-BP is a liaison between units within HR and other departments to help all departments attain their business goals, which will later result in the success of the bank.

HR-BP is a one-stop-service, which increases convenience in contacting and coordination. On the other hand, HR will have an in-depth understanding of the people in each department, because they are involved throughout the process, from resource planning to recruitment and staffing, training and development, performance measurement, succession plans, career planning, and talent pools. This will increase the efficiency of the bank's HR management and achieve the established objectives.

4.2.2 Human Resource Management and Development

In the study of human resource management and development, the results are discussed topic by topic as follows.

4.2.2.1 Resource Planning

Vorapak Tanyawong's explanation of the policy and approach to human resource management and development is summarized below.

One thing that he really value and would like all of KTB to develop is "people" because "people" are the most significant component of the organization. Particularly, in the banking industry, the organization that can attain sustainable growth is the one that can raise employee's engagement. It is necessary to convince employees to work together to make Krungthai Bank a second home, where everyone enjoys work, has friends, is able to demonstrate and develop their potentials, feels appreciated for their accomplished performance, is valued and guided by caring

supervisors, and would like to contribute and participate in the bank's growth (Vorapak Tanyawong, personal communication, April 12, 2013).

The reformed HR management of Krungthai Bank will stress 3 areas, which are

- 1) Strategic HR Management
- 2) Line manager as HR manager with the managing director as the HR owner of Krungthai Bank
- 3) The role of "leader" and "underling," "subordinate and commander." The terms generate a sense of discomfort, insinuating "command" and "order." Thus, "leader" and "underling" are the more appropriate terms because we should love, take care of, and train our employees in the same way as we do our children and siblings. Additionally, the "leader" should lead by helping employees think and by providing advice. The leader should also be respectable, credible, and reliable.

In addition, planning and policy-making about HR will comply with the tripartite's policies. At the heart of tripartite is the "employee committee" of each department because the department has the best understanding of its people and its work. Each department will establish its own employee committee, specifying the number and composition, and include 1 HR representative with the position of department head or above in the committee so that the HR department can be involved in each department's HR strategy. The employee management committee has the authority to define the HR strategy of the department within the policy framework of the PMC. Issues outside the scope of this policy framework will be raised with the PMC by the HR representative.

Thus, group head must assume the role of HR manager, who is personally responsible for appraising performance, giving advice, planning, and overseeing the career path of the subordinates. Further, the group head must be able to convey the role to the line manager so that the Line manager can also be the HR manager. Vorapak Tanyawong would like to emphasize that he pay attention to and value people the most because "people" are the key to the bank's sustainable success (Vorapak Tanyawong, personal communication, April 19, 2013).

Regarding resource planning and allocation, the issue of internal transfers is addressed by the bank's policy, which allows the employees to transfer according to their needs. Nonetheless, the front office may need time to process the request because it is the unit that directly faces customers, which requires finding substitutes to replace the departing employees first. HR business partner has been instructed to quickly find replacements, which may not exceed 6 months, so that the employees can transfer in a timely manner.

Tripartite places more weight on performance than on test results because the goal is for the bank to become a performance driven organization to make Krungthai Bank grow sustainably. Nevertheless, tests are still being administered, but more for the purpose of skills and knowledge development. Currently, all of the departments are engaging in serious efforts in resource planning as well as in other matters (Vorapak Tanyawong, personal communication, April 26, 2013).

In addition to good resource planning and work environment, the essential factors for employees' satisfaction and enjoyment at work are fair compensation and promotion. Fairness does not mean equality. The bank has a straightforward policy regarding this matter, which establishes that individuals that work harder should be rewarded proportionately more. The HR Transformation project, which is one of the key mechanisms in promoting change and prosperity for Krungthai Bank, has the restoration of fairness to employees at its core. Particularly, compensation and promotion should be related to performance and potential as much as possible. There have been many improvements, beginning from specifying clear, measurable KPIs, producing individual measurement reports that clearly indicate the degree of performance, and setting up a transparent evaluation system based on force ranking. Force ranking segregates employees into 3 groups according to their performance as scored on a scale ranging 1-5; 20% of the employees are in the first group (scale 4-5), which represents the highest performers that substantially exceed goals and expectations; 70% are in the second group (scale 3), which represents average performers that meet the goals/expectations; and 10% are in the last group (scale 1-2) and represent those that fail to meet the goals/expectations.

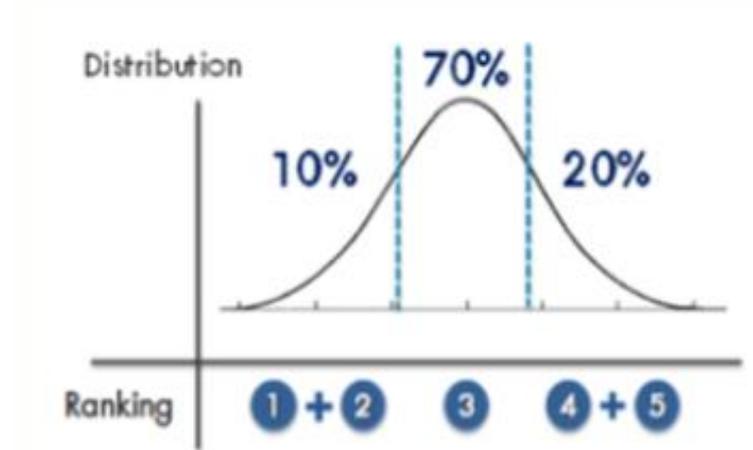


Figure 4.8 Performance Ranking Evaluation

Currently, there are 2 forms of compensation, which are salary and bonus. With respect to salary, the tools that enhance fairness are job value and job family. Previously, the bank has encountered a problem of employees moving from difficult jobs to take on easy tasks because the workload is reduced while the compensation remains the same. If this issue is not resolved, it will impact the stability of the bank in the long term because no one will work on difficult jobs, even though these jobs are revenue-generating. Thus, it is necessary to specify job value and job family to distinguish challenging tasks from simple ones, with pay ranges differentiated by job value and job family. These should be consistent with the banking industry and peers to also prevent brain drain to competitors. The second component of the compensation, bonus, will be determined by the performance, which means higher performance results in a higher bonus, and lower performance results in a lower bonus. Any BU that generates more economic profit for the bank will receive more bonus payout.

With regard to growth and advancement, the bank would like the employees to grow alongside the organization consistent with the vision of “Growing Together.” The career path according to the new promotion scheme can classify into two types: 1) promote the raising of morale, which should only occur rarely in special circumstances; and 2) promote according to increased skills and responsibilities, which is what the bank values. The bank would like to see employees that have

exceptional skills, that demonstrate excellent performance. As the department or the organization moves forward, employees must also grow, expand the scope of their responsibilities and produce more outcomes, which will ultimately lead to the growth of the bank.

The new promotion scheme will be implemented in parallel with the job family and career path roadmap, which will clearly define the workers' career path and qualifications. There will be quotas for promotion that correspond to the performance of each BU, indicators, measurement reports, and an evaluation system. Consequently, compensation, including base salary, pay raises, bonus, and promotion will be more just and transparent (Vorapak Tanyawong, personal communication, January 30, 2015).

The information above is consistent with the views of employees and interviewees concerning HR planning, which can be summarized as follows:

1) Krungthai Bank should have a plan for recruiting human resources in adequate amount for performance areas in which the bank excels or is distinguished from peers so that goals can be efficiently achieved, which is significant to responding to various missions.

2) Plan to develop personnel to have knowledge and skills suitable for roles, responsibilities, and job characteristics as a foundation for further career advancement

3) Plan to adjust the skills and qualifications of employees to suit Krungthai Bank in the future, so that employees can collaborate and coordinate effectively, and have the most potential to create excellence for Krungthai Bank in the future

4.2.2.2 Recruitment

Vorapak Tanyawong shared that what he saw and experienced at Google in Singapore changed his perception that superior technology was Google's strength. In reality, Google's unique strength was HR management, which has 3 goals: 1) create a brand of the organization to attract talent; 2) develop employees' potentials, especially regarding innovation, to a high level and emphasize thinking outside the box; and 3) foster employee engagement with the organization to provide assurance

that “the key to the organizational success” rests with “employees” (Vorapak Tanyawong, personal communication, February 21, 2014).

From investigating recruitment at Krungthai Bank, the following should be implemented:

1) For all positions, recruiting the most qualified individuals in terms of education, experience, and capabilities that have new attitudes and perspectives to present and improve the quality of the work processes, which can result in greater effectiveness

2) Selecting loyal individuals that have been inducted about management strategy and could transfer to the next generation of employees

3) Selecting individuals, including new employees, that exemplify a standard for services that are appropriate and outstanding

4) Recruiting from internal pools within Krungthai Bank, so that individuals can advance in their career path and increase motivation and morale

4.2.2.3 Development

In addition to giving each group authority to manage its own human resources through the employee management committee, as mentioned, HR transformation has various other programs that support and prepare employees to become highly-skilled and good leaders, such as the KTB High Potential program that selects high potential employees based on the previous two-year performance and on potentials considered from the characteristics that reflect the bank’s core values, managerial skills, leadership, and reliability. These individuals are nominated for consideration by the People Management Committee. The high potential list is reviewed at least annually.

The heart of this program is the creation of an individual development plan that is suited to the individuals’ abilities so that they could become Krungthai leaders in the future. The courses and tools to support this high potential have been developed to a full extent. More important than these training courses is the transfer of knowledge and experience during the job training by supervisors, which puts the teaching into practice (Vorapak Tanyawong, personal communication, October 11, 2013).

Nonetheless, based on the new vision of growing together, the bank has the mission to strive to develop the potentials of all employees. Thus, the roles of supervisors and managers are critical. All supervisors must be coaches that are able to provide advice regarding the thinking process and the courses of action, have time to take care of and develop the skills of the team, and are able to draw the maximum potential out of each employee. The coaches should build morale and motivation so that the team becomes inspired and works with enjoyment. Finally, the coaches should be able to formulate the strategy to achieve goals so that the team can work most effectively and efficiently (Vorapak Tanyawong, personal communication, June 27, 2015).

Communication skills are critical for the bank's new vision because growing together entails administering and developing the abilities of employees so that they will grow. Thus, leaders must be able to communicate well in training and motivating their team members. Importantly, they must do so genuinely. If the employees have high performance, coaching might not be difficult. However, employees whose performance is still inadequate and needs improvement require the supervisors to have skills in making those employees see their weaknesses and areas of improvement without destroying their morale and in making the employees feel that these flaws can be improved upon. This is called giving positive feedback

Vorapak Tanyawong (personal communication, August 8, 2015) offered advice on coaching employees with low performance:

I have had quite some experience managing teams and subordinates. The technique I used in coaching employees who had not fully developed to their fullest potentials was thinking of what I would have told them had they been my own friends or siblings. If someone is about to fall off a cliff, will we not give them some warning? I think that not providing feedback to the employees is taking advantage of them because they might not recognize their own flaws or areas of improvement and how they could improve.

The bank's management, especially the HR team, has established policies concerning a development plan for the bank's employees, encompassing leadership, management, competency, and a variety of skills that can encourage employees to develop. The training and development policies should not be too extensive, but should produce successful outcomes, which is a concept called "parsimonious" or achieving a lot with a little in order to create efficiency and effectiveness. In the future, policies will be developed so that employees will have a training and development program that promotes "employees achieving results while enjoying work" (Vorapak Tanyawong, personal communication, February 6, 2016).

According to the views of the interviewees, the approach to HR development can be summarized as follows:

- 1) Personnel should be developed to have good manners, and to be polite and gracious towards customers. They should welcome the customers appropriately so that the financial services are accepted and meet the customers' expectations. Employees should also be properly trained in ethics to promote the service quality.

- 2) Inspire the employees to have values consistent with and confidence in the vision, mission, and goals of Krungthai Bank. Management strategies should be enhanced to increase the standard of work productivity. Human resource management and development strategy should be constructed to promote professionalism to elevate the standards and to enhance the capability of Krungthai Bank.

- 3) Development should emphasize intimate service with customers to increase confidence and trust. Reliability and understanding of customers are determinants of competitive advantage and sustainable prosperity.

- 4) Developing the understanding of individual roles and responsibilities is a significant factor that influences employees' behaviors and relationships that are supportive of the management of Krungthai Bank, with everyone having the same ultimate goal.

- 5) Develop work processes that raise the capacity and productivity of employees, lead to the goals of Krungthai Bank, and suit the service at the international level.

4.2.2.4 Retention

The HR Transformation project has transformed many processes, one of which is job evaluation, which is the process that leads to compensation that reflects internal equity and market competitiveness.

At the moment, the bank faces the problem of the lack of personnel in key positions. The reason is that some good, challenging positions do not receive applicants is probably because the bank prescribes the same set of pay ranges for all positions rather than differentiating them according to types of jobs and roles, which the researcher believe is a significant flaw that requires immediate attention. Benchmark banks, such as Bangkok Bank, Siam Commercial Bank, and Kasikorn Bank, all have a job evaluation system.

According to the assessment by Mercer, Krungthai Bank was found to have problems regarding: 1. the lack of employees in important positions; 2. a brain drain or the loss of talented employees that had been receiving compensation below the job evaluation or the market rate and were attracted by higher compensation elsewhere; and 3. reduced competitiveness as some employees receive compensation that exceeds job value. These issues represent long-term costs for the bank.

If the job evaluation has been completed and the compensations are associated with job value, the bank will be able to find individuals for key positions, stop the brain drain, and bestow fairness to all employees. If they are employees with significantly excessive pay rates, the bank should find roles that are suitable for those individuals or at least make the total compensation (salary plus bonus) equal to the market rate. This is a difficult task to achieve, but it cannot be neglected if they would like to see Krungthai Bank grow sustainably (Vorapak Tanyawong, personal communication, August 22, 2015).

Further, employee engagement is the most important factor. All leading global organizations place priority on building employee engagement because sustainable organizational growth can only be achieved when employees are engaged. If employee engagement is attained, the results are: 1. the organization will be favored by talents; 2. individuals will be able to perform to their fullest potential once they join the organization; and 3. individuals will feel content and find work enjoyable, allowing organizations to retain them. These 3 results are the ultimate goals of human

resource management. Nonetheless, employee engagement must begin with the supervisor-subordinate relationship, with supervisors taking care of the employees as their own family members (Vorapak Tanyawong, personal communication, September 19, 2015).

The opinions of the interviewees regarding HR management and development that influence retention can be summarized as follows:

1) Design flexibility into the work to encourage employees to stay with Krungthai Bank, reduce routine/repetitive tasks, and make the assignments more challenging

2) Motivate with a process that develops each individual's growth according to unique interests and needs so that employees advance in their career path, feel accepted, have pride in the assigned tasks, and have a sense of connection with the organization's goals

3) Compensation and welfare that meet everyone's needs so that each person and his or her family can have a higher quality of life

4) Inspiring a work environment that allows employees to work appropriately to achieve the established results and desirable outcome

5) Personnel can choose to transfer to other departments according to their interests and aptitude or to the significance to them so that they can work in their area of interests and generate the most value for Krungthai Bank.

4.2.3 Competitive Advantage

Competitive advantage is vital to Krungthai Bank, and all parties must develop it, as can be summarized from the research and the interviews below.

4.2.3.1 Strategy

Vorapak Tanyawong (personal communication, August 29, 2015) explained that the approach to defining the bank's strategy is composed of 4 core components, which are: 1. the measurable goals of the bank that have been mutually agreed on by all groups; 2. recognition of the baseline; 3. how to get there/strategy to get from the baseline to the goals; and 4. what need to be done or the mission.

To conclude, the core components of strategy formation are measurable goals, Baseline, How to get there, and What needs to be done. Notably, once there is a

strategy, the status of the process needs to be monitored with the use of color codes (Yellow Green Red) to indicate the degree to which performance meets the goals and the identification of individuals responsible for the implementation of each strategy. This is the overall process of the bank's strategy definition.

At the present, the KTB Transformation project is proceeding well, and is successfully transforming the various processes according to the plan. During the strategy definition, the bank's mission has been transformed from Mission to the Moon to The Three Summits. The details are discussed below.

The first summit or base camp: strengthening foundations has the objective of successfully laying the critical foundations for the bank by 2015. The strategy is KTB transformation that encompasses retail transformation, SME transformation, HR transformation, risk management, operation excellence and wholesale banking transformation. This summit represents the preparation in anticipation of conquering the next 2 summits.

The Second Summit: Closing the gap to become top tier, from 2016-2018, has the objective of being top tier in areas other than by size since the bank is already the biggest in terms of assets, loans, and deposits. However, the bank would like to be a top tier bank that is accepted by everyone with respect to retail, SME, corporate banking, and the clients. Main task in the climb to reach the second summit is "closing the gap" between Krungthai Bank and large benchmark banks, which exists in the capability to provide services promptly and satisfactorily responding to the customers' needs, and in profitability. Even though Krungthai bank is the largest bank, their profitability is still in the fourth rank, and the indicators in many areas still need to be improved to match or exceed those of the benchmarks.

The Third Summit: Best place to work, from 2019-2021. Here the Challenge is how to make Krungthai Bank "The best place to work for" among top talents. Krungthai Bank will be an organization at which competent and ethical individuals aspire to work the most, have the most opportunities to demonstrate their skills and potentials, have the ability to develop their skills to the fullest, and most importantly, develop a feeling of loyalty to the organization. Whenever Krungthai Bank becomes "The best place to work for," other issues will become of minor concern because employees are the most important issue.

The “How to build an effective top team” workshop conducted by Mckinsey, provided guidance regarding effective and ineffective characteristics of the top team. The factors that make the top team ineffective are: 1) absence of trust; 2) fear of conflict, which hinders the work progress; 3) lack of commitment, which might result from a lack of common goals; 4) avoidance of accountability; and 5) inattention to result. Thus, bank’s job is to analyze these issues to identify the flaws and to find methods to improve.

According to the interviews, it was found that the roles of leaders in defining strategies should comprise the following:

1) Managers striving to create management strategies to develop the organization and to focus on designing proactive processes that take into account customers and stakeholders

2) Building incentives by rewarding excellent performance at the unit level to improve work, drive strategy, and monitor outcomes with monthly and quarterly KPIs

3) Complying with regulations and good corporate governance by renovating internal control and internal audit systems continuously

4) Improving the work processes using offensive strategies with an emphasis on learning along with the personnel, on analyzing indicators, on identifying causes and solutions to problems, and on exchanging ideas and promoting desirable behaviors

Moreover, the researcher can synthesize some of idea from the interviews as following;

1) Managers should review and emphasize policies, stakeholders, and situations in addressing 5 important issues, which are the increase in efficiency of information technology, the improvement of Krungthai Bank’s service quality, the enhancement of financial stability, the efficiency in coordination with retail, and the compensation linked with performance. Leaders should implement these through assigning tasks, exchanging and learning with Krungthai Bank, communicating through conversations, consistently meeting with the team, and adhering to the principles of Performance Driven Organization.

2) Communication strategies of top management of Krungthai Bank should include disseminating visions, missions, objectives and goals, reviewing the outcomes from the clarification of policies and procedures within the work teams, and addressing performance of routine work, problems, risks, and other general topics to ensure that the communication reaches employees at all levels

3) In developing efficiency and effectiveness of Krungthai Bank, human resource should be managed for the maximum benefits, service offered should be of high quality, building strength should be done through proactive innovation and services, and participation in raising productivity should be emphasized to cover the whole organization.

4) The pertinent issues are the reduction of costs, the building of potential that meets future needs, the development of comprehensive, cutting-edge information technology system adequate for the current and future services through the collaborative mechanism, the creation of financial innovation as a driver of Krungthai Bank's development through the knowledge management system and the benchmarking with excellence, the enhancement of organization capabilities and quality of human resource, and the creation of shared values suitable for a strong organization at the international level.

4.2.3.2 Structure

Krungthai Bank is in need of continuous management of policy and direction/administration. Visions and missions should guide the operation plans and performance evaluations that are disseminated to various departments. Regulations, procedures, policies, and corporate governance principles should serve as compasses. Management should support and drive standards of procedures among employees so that work is secure, transparent, and prevented from errors in order to minimize risks. Personnel are selected and developed to ensure that they have adequate knowledge and skills to provide services. According to the interviews, the following information can be synthesized.

1) The improvement of Krungthai Bank's quality came from working as a strong team, collaboration of all levels of employees, capabilities of human resource in terms of knowledge and skills, and management, directors, and support teams that influence, stimulate, communicate, and create a work atmosphere of determination for the whole organization.

2) Krungthai Bank must rely on all employees in continuously developing financial services for the better, which is an operational process for quality services, through the development of body of knowledge, skills, and internationally approved technology in a systematic manner. The key to driving Krungthai Bank is the employees with requisite knowledge, abilities, and skills.

3) For Krungthai Bank to attain successful results, capabilities in communicating, advertising, and promoting Krungthai Bank should be enhanced to reach all the service locations adequately. There should be creation of strong shared culture and values including acceptance of change in attitude towards work, establishment of body of knowledge for development, and the transformation of the model for developing human resource so that capabilities are compatible with Krungthai Bank's strategy and the future direction of the country.

4.2.3.3 Systems

Recently, the "digital economy" is being mentioned and discussed in the Thai society more frequently, partly because the government has acknowledged the significance and the benefits that Thailand will receive from it, resulting in policies and efforts to modify existing regulations and to announce new ones, the digital economy and society committee, and fiber optic network for extensive internet services to accommodate the "digital economy."

Digital economy is that makes significant use of information technology in conducting economic activities. Examples of common, well-known economic transactions using information technology are E-commerce and social commerce transactions. The phrase "digital economy" was officially established in 1995 by Don Tapscott, who asserted that the Internet would revolutionize global trade in an unprecedented way. Organizations that recognize opportunities and make preparations to improve the productivity of infrastructure and management to become compatible with changing technologies will be able to emerge as leaders and reap the full benefits, while organizations without adequate preparations might easily face their demise.

Krungthai Bank should prepare to make the most of the opportunities from the digital economy. The workshop conducted to provide direction for the bank's digital banking business resulted in interesting conclusions, with a mutual

view that digital banking is a vital and competitive area. In this competition, those that can respond to the needs of customers better and faster will win and secure the market share.

The bank has tremendous opportunities to become a leader in the Thai digital banking business, but to get to that point, there are many issues that need to be urgently addressed. There should be tools for the analysis of customer data as a basis for new products and services that please the customers. Electronic service channels, including ATM, online banking, and mobile banking require improvements. The bank's website needs to be reformed to serve as a channel not only for information but also for conducting marketing activities and promoting cross-selling. Technology should be used to develop CRM that can determine marketing campaigns that meet the customers' needs. These are just some examples of the pertinent tasks.

More important than the above issues is the need to become a paperless organization as planned as part of the 7-year strategy called "KTB 3 SUMMITS." Krungthai Bank's definition of a paperless organization has 2 implications; one is the use of technology to improve services to customers, and the other is the use of technology to improve the productivity of internal processes.

The most urgent tasks are related to work processes, but an issue of equal significance is "people." Krungthai Bank must ensure that the bank's organizational culture is suitable to the leadership position in digital banking. If they join forces and plan well, they should be able to drive Krungthai Bank towards leadership in digital banking and towards achieving the goal of becoming a paperless organization as scheduled.

In addition, customers should receive convenient, prompt, and satisfactory services that meet their needs and that are distinguished with accuracy, appropriateness, and excellence. the following concerning can be synthesized from the interviewees.

- 1) Quality of financial services that meet the standards is important to gaining national acceptance that leads to sustainable image and progress of Krungthai Bank and to international growth.

- 2) Excellent financial services of Krungthai Bank requires critical work processes that respond to goals and are consistent with high-quality

financial services. Key performance indicators should be efficient and effective in accurately representing excellence.

3) Critical strategies should differentiate Krungthai Bank to win customers and remain competitive among peers. Locations should be renovated so that customers are impressed and satisfied from the moment of entry to the moment they leave Krungthai Bank.

4) Define appropriate measures to manage the bank's human resource appropriately, including efficient manpower management. Cooperate with internal and external entities in planning for recruitment and retention to ensure availability of suitable personnel to replace old generations.

4.2.3.4 Style

Sustainable organizational success and growth originates from employee engagement, which is consistent with the view that the bank should be the employees' second home.

Vorapak Tanyawong explained that the principles of human resource management to support the bank's operations came from Gallup and consist of the following:

1) Select for Talent: Gallup believes that everyone has his own talent, which is unique, and each task requires different skills. In other words, "there is a hero required in every role."

2) Define the Right Outcome: What is expected of employees should be clearly identified without specifying the means to achieve the outcomes. Once Krungthai Bank has talented individuals, they only need to establish clear outcomes, and employees can find their own methods.

3) Focus on the Strengths: From extensive experience in survey and research, Gallup discovered that everyone has strengths and weaknesses that are difficult to change. Thus, it is better to find and apply a person's strengths than to waste time on changing a person's weaknesses.

4) Find the Right Fit: Finding the right job for the right person, or finding the right person for the job is, he believes, the most challenging aspect of organizational management. There are many talented individuals at Krungthai Bank, but some of them may be in the wrong places. It is the duty of the

supervisors to determine in which role their subordinates can best demonstrate their potentials.

Finally, Vorapak Tanyawong quoted Charles Darwin: “It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change.” “Personally, I believe with my whole heart that survival to win does not come from only strength and intelligence, but more from the ability to adapt to the changes, particularly by managing human resource to suit the change in the work.”

Further, the methods for managing human resources are influenced by a combination of them for the greatest benefit, which were summarized by the interviewees as below.

1) The development of Krungthai Bank to become center of financial service excellence should begin with Krungthai Bank’s top management who should participate in regular meetings to exchange ideas with the purpose of sharing experience and knowledge of finance and banking.

2) Krungthai Bank should promote policies to improve service quality and standards of quality that lead to tangible results and hold all employees accountable for the improvement to achieve the mutually established goals.

3) In supporting operations and work that lead to achievement of goals, financial innovation should be a priority, particularly in various financial management activities.

4) Management must establish governance and procedures that focus on teamwork integrated with internal control system and regular coordination to ensure that operations are in accordance with prescribed standards or guidelines and that outcomes are achieved.

5) Krungthai Bank must be agile in responding to a variety of customers’ needs and pay particular attention to services that the customers select. Efforts should be directed at generating satisfaction, especially in communicating updated information promptly, so that customers’ behaviors reflect increasing needs for high-quality services.

4.2.3.5 Superordinate Goals

Other than transformation, another element that the bank places significance on is vision, which is an essential navigation tool for Krungthai Bank. The bank has ascertained that the time has come to adapt its vision to suit the environment, to agree with the needs of stakeholders, and to support the effort to move forward. In the previous years, the bank's vision was to be a "convenience bank." Although making the service convenient for customers will still be a core component of the services, the stakeholders of the business operations should also be given importance.

Thus, the bank's new vision is "growing together." Krungthai Bank will all grow together with employees, customers, shareholders, and the society. To begin, management must encourage Krungthai Bank employees to develop their skills so that they will have more capabilities and ensure that they work with excellent processes. Once the employees are highly skilled and the processes are excellent, the employees will be able to provide appropriate services and advice to customers for the sustainable growth of customers, which will further lead to the sustainable growth of the shareholders and society.

Songpol Chevapanyaroj observed that "for the whole year that I have worked with the employees, I have come to believe that "Krungthai employees" are like thoroughbred racehorses (high-performing racehorses) that have not had the opportunity to fully demonstrate their full potential because of the lack of an appropriate race track. The KTB Transformation project has the purpose of providing appropriate race tracks for the employees to race at their fullest speed and show their best performance (Songpol Chevapanyaroj, personal communication, June 8, 2016).

Further, effective management to develop Krungthai Bank to the international level is a significant activity that involves the following:

- 1) Management has to have knowledge and understanding of the customers of the bank's various financial services, which differ depending on the economic and social environment and reflect the diversity of the populations of ASEAN countries.

- 2) Continuous improvement of technology to enhance the service quality and elevate the standards to be widely accepted and distinguished from

peers, such as by having cutting-edge financial innovation responsive to customers' needs and future trends

3) Develop differentiating service quality by considering customer satisfaction in receiving expected services

4) The goal of development is to receive international awards and recognition so that Krungthai Bank is internationally accepted and able to secure customers' trust.

In addition to these points, in order for the management of Krungthai Bank to achieve superordinate goals, the interviewees contributed the following suggestions:

1) Continuous, systematic learning and improvement of the work processes include education from, exchange with, and certification from external consultants or entities, and regular evaluation and development, which are important factors for sustainable growth with direction.

2) The key to achieving organization's superordinate goal is to make the customers' needs central with all employees determining to produce high-quality work, cooperating as a team within and across departments, and establishing standards and reliable control system.

3) Establish standards for Krungthai Bank's services, which include both tangible and abstract elements and also involve emotions and feelings. Emphasize on stimulating directed and sustainable development efforts for the overall organization.

In addition, management must give priority to establishing strategies, which include the visions, missions, values, goals, policies, and expectations of employees and stakeholders. Management must adapt its strategies to the environment, and translate the visions and values to actual implementation, because only excellent financial services will generate repeat visits and word of mouth, which will also provide consistent directions and operational guidelines. The interviewees offered the following conclusion:

1) Financial management services nowadays are constantly affected by economic and social changes. Thus, these services need to be adapted to meet the changes from external factors in the timely manner, as well as respond to the

needs and expectations of the society, stakeholders, and the public within the principles of corporate governance.

2) Services should be timely, responsive to the needs, and high-quality. It should be characterized by suitability, continuity, accessibility, and capability to generate confidence in outcomes, quality, and technology.

3) Steps and formats of the services should be determined by the needs, be suitable, meet the standards, be free from errors, and be transparent, which results in good outcomes and satisfies the needs of the customers. The focus should be on consistent quality in the operational procedures of Krungthai Bank's employees.

4) Management should emphasize participation of all level of employees, training, reward, and regular encouragement of employee engagement among top management and employees until they become the core values and organizational culture of Krungthai Bank. They should be in the employees' DNA, which leads to sustainable development of Krungthai Bank's operations responsive to the needs and expectations various aspects.

5) Developing Krungthai Bank's potential capable of sustainable growth and development, which builds strength and competitiveness, requires high- quality, creative financial management innovation, which is the key to becoming Top Tier within the country and in AEC. Appropriate cutting-edge technology and innovation should be used by capable teams of employees.

6) A factor that should be added is management in accordance with principles of corporate governance, according to which management is determined to operate with transparency in compliance with regulations, particularly concerning the procurement processes. Policies should be translated to actual implementation. Ethics, participation, and openness to opinions, suggestions, and complaints should be encouraged. This promoted one of the bank's FIRST values, F or Firm, which represents firm from righteous, transparent operations.

Thus, services that meet standards will build confidence that Krungthai Bank has a good management structure and that customer care is of high quality, consistent with standards and is continually developed. This will entail overhauling

existing systems and work processes so that the development attains sustainable success. The interviewees made the following key contributions:

1) Krungthai Bank's management should pay attention to excellence in quality and efficiency of internal operations by structuring management systems that can provide assurance that processes are secure and reliable, and will finally lead to Krungthai Bank's development of competitive advantage.

2) Strategic management of Krungthai Bank relates to the benefits to customers, employees, and the bank's shareholders. If the bank is able to respond to the needs of these 3 groups, it will be more able to develop Competitive Advantage and grow sustainably.

3) Krungthai Bank's current service processes support development that is high-quality and secure. Management, organization, and governance that will lead to sustainable development for the whole Krungthai Bank should focus on employee engagement with surveys of employee engagement conducted 2 times a year, as all employees need to continue to respond to customers' needs.

4) All Krungthai employees, in operational and in managerial roles, should exchange ideas and develop themselves continuously. There should be meetings to review and consult with related parties in improving and developing regularly, systematic management of tasks, cooperation as a team, and efficient utilization of resources, consistent with the vision and missions of Krungthai Bank.

4.2.4 Organizational Culture

To make the operation of Krungthai Bank successful and to grow sustainably, in addition to vision, strategy, and good corporate governance, the pillar that will support the organization's stability is its core values, which are values or beliefs that all employees strive for and that guide the behaviors of the whole organization. When these core values are adhered to and regularly practiced, they will become the organizational culture.

In 2011, Krungthai Bank conducted a review of its values. Dr. Sathit Limpongpan, the Chairman of the Board of Directors at the time, led a discussion among the top management to determine the operational framework that would result

in attitudes, beliefs, and resolutions consistent with the visions and missions of the bank. It was discovered that Krungthai Bank had disparate organizational cultures, and the existing core values were too numerous and too lengthy to remember. Thus, they all collectively redefined new core values based on aggregating the existing values, clearly categorizing them to facilitate memorization and implementation, and identifying behaviors that would bring about a desired organizational culture. The process crystallized into KTB FIRST as the core values of Krungthai Bank, consisting of 5 values, which were firm, innovative, responsible, service, and teamwork, and each value comprised 3 behaviors. In total, the 15 behaviors will put the 5 values into practice. In addition to core value, the bank also conducted KTB transformation in other areas, such as HR, risk management, and IT. Particular emphasis was given to HR, such as job value, improvement to the performance appraisal, etc., which would drive Krungthai Bank's organizational culture towards a performance driven organization (Vorapak Tanyawong, personal communication, February 7, 2015).

An important tool for KTB transformation is the measurement report, which is a measuring stick that will assist in operation and human resource management by keeping them precise and current, resulting in timely management and corrective actions. In addition to having a valuable tool, it is important to know how to use the tool. If the measurement report is used to control or pressure the team or employees excessively, the tool is not being used properly. The appropriate use of the measurement report is for the identification of the status quo, of what can be done, and of the individuals whose performance fall short of expectations so that the supervisors can determine the causes of the problems and how they can be solved together. This will lead to achieving results with happy employees, for both the supervisors and subordinates, as the team's success would make all team members happy.

A high-quality measurement report is also an important start that will lead the bank to become a performance driven organization because a critical problem in performance appraisal in the past was the lack of clear performance indicators. The measurement reports from the KTB Transformation project will clearly indicate those that perform, which will produce objective and just performance appraisals and lead to more appropriate and fair compensation and promotion. This will also ensure that,

in the future, the bank will have talented, high-performing, and capable individuals available to become leaders (Vorapak Tanyawong, personal communication, April 11, 2015).

Further, the simple principle goal of HR transformation is that the “results must be achieved and employees must be happy.” The first aspect of “results must be achieved” is measured in terms of quantity, which means assignments are completed in a timely manner, in an expected amount, and within the deadline. The second aspect is measured in terms of quality, which is desirable for all organizations.

The implication of “employees must be happy” is that the team that can successfully achieve results in terms of quantity and quality, meeting the goals of the team and the organization, cannot be judged as truly successful if certain team members experience dissatisfaction with their work. People that work without happiness cannot be expected to force themselves to do it for long, and the quantity and quality of the work of discontented employees would be suboptimal. If supervisors help team members that work together derive happiness, drive, and passion from the work, twice the amount of commendable results might be achieved.

Under the new vision of Krungthai Bank, which is “growing together,” Krungthai Bank will grow together with “you,” and the first “you” represents “employees.” Thus, the bank must develop an organizational culture that strives to take care of and enhance the skills of employees. All supervisors should strive to take care of and simulate and inspire their subordinates, creating positive conditions for them. There are 5 principles for effective supervisors:

- 1) Reduce or eliminate the gaps between supervisors and subordinates so that everyone feels that he or she is genuinely valuable to the supervisors, resulting in positive attitudes towards the supervisors

- 2) Create a good atmosphere at work by showing care, understanding, and forgiveness of employees’ mistakes to allow for corrections in the future, and by motivating employees when appropriate

- 3) At times, supervisors should informally share their feelings and needs with their subordinates instead of ordering and commanding all the time.

- 4) Show the employees that every individual is indispensable in sharing the group’s responsibilities and successes

5) Show the employees that their work is valuable and meaningful, give praise, and be available to assist them immediately when opportunities are present in return for their merit so that they progress towards a brighter future

Regardless of the virtues of the behaviors that they are required to exhibit, human beings will always resist any conditions that are imposed on them unwillingly. This issue is particularly serious for subordinates that possess excellent characteristics such as competence, courage, and motivation for work, because it will make them feel constrained and inhibited. If the employees have passion and desire for work, they will feel challenged by the work and dedicate themselves to it fully. If they have support, assistance, and independence in their thoughts and actions within the bounds of the organizational rules, and are not subjected to the personal whims and desires of the supervisors, they will become extremely valuable resources of the organization. In contrast, if these employees feel that their freedom in their thinking and their roles is limited, they will become stressed.

When the tensions of these employees reach a certain high level, they may express 2 types of behaviors. If they express the first type of behavior, the employees just tolerate the situation, abiding by their supervisors' orders without any opposition, and whether the results are achieved or not is the concern of the supervisors. Thus, this first group of employees seeks to avoid tensions. The second type of behavior is expressed by those that cannot tolerate having their full potential obstructed and that dislike being forced or ordered. Often, these individuals believe that their unique views and approaches are better, so their solution is different from the first group of employees, which means that they will resign without advanced notice, resulting in a brain drain of the organization. Neither the first situation where capable employees are constrained in their roles, nor the second situation of brain drain is desirable for Krungthai Bank. Thus, the bank's top management must offer opportunities for talents to perform to their fullest abilities to achieve results with happy employees (Vorapak Tanyawong, personal communication, May 2, 2015).

Vorapak Tanyawong gave Google's organizational culture and management as an example, which was drawn from his experience of visiting the corporation, as can be seen in the following passage: "People on the outside might perceive Google's strength and leadership to be in Technology. This is true, but from my experience of

how people work at Google and what its organizational culture is, particularly the ‘8 Notions of Innovation,’ the conclusion is Google’s greatest strength is its Human resource management, from recruiting, developing, and retaining employees with the organization. Today, Google is the organization that recent American graduates aspire to work for the most, and it is the Best place to work.”

The 8 Notions of Innovation are attitudes and beliefs that shape how Googlers work, which can be summarized as follows:

1) Innovation not instant perfection: this means that innovation does not happen overnight, but it is a journey of consistent actions. Google focuses on the speed in innovating and stresses that if you fail, you must “fail fast” in order to recover and restart as quickly as possible. All employees from the lowest to highest levels have access to the same opportunities and tools, which means the same equal playing field from bottom to top.

2) Share everything you can: that is, Google encourages people in the organization to share knowledge, problems, and goals among themselves as much as possible. Teams are usually small with an emphasis on transparency, with everyone sharing information openly and knowing every team member’s KPIs. At Google, KPIs are called OKRs or objective key results, and everyone’s OKRs are public information. Everyone has access to his/her colleagues’ OKRs. The purposes of public OKR are to ensure that the objectives of the employees and those of the organization are aligned, and to determine how to make tasks that require assistance from other teams successful, generating maximum benefits for the organization. OKRs are set semiannually, with quarterly reviews.

3) You are brilliant, We are hiring: in other words, Google places importance on recruiting new employees, setting the bar very high, high via wisdom of crowds, resisting “good enough.” The people that can work at Google must be top of the top and wisdom of the crowds. They are not only intelligent, but must be outstanding compared to others and resist “good enough” or being average. Google employees must be the best of the best. Most new recruits at Google come from the references of existing employees at Google. Employees can make such references via an app called G hire or Google hire.

4) License to pursue dreams: every Google employees can choose a personal project to pursue that is not in his or her KPI but is beneficial to the organization or to the world and humanity. Google gives employees a license to pursue their dream using 10-20% of their work time to stimulate various creative ideas.

5) Ideas come from everywhere: Google values the collaboration of the employees of the whole organization through its proprietary platforms that Googlers primarily use to share ideas, such as Google Plus, which is similar to Facebook or Line's timeline, and Hangouts, which is similar to FaceTime or VDO call. As Krungthai employees also use Line Group and Timeline to share their work, Krungthai Bank may be able to benefit from Google Plus and Hangouts, as well.

6) Use data not opinions: the operation of the KTB Transformation project entails many adjustments to the information systems and databases, with increasing emphasis on strategic application of MIS information. This is similar to Google, where opinions are still valued, but the organization places more importance on data because they are factual information. At Google, data beat opinions.

7) Creativity loves constraints: difficulties, challenges, and limitations are sources that stimulate the employees to find creative solutions. Google lets employees spend 70% of their time on core function, 20% on innovation projects with strong potential, and 10% of their time freely on wild and crazy projects.

8) Focus on users, not competition: that is, Google's strategic plans are not determined by its competitors, but by the needs of the customers as a priority, with competition as a secondary consideration.

Vorapak Tanyawong (personal communication, May 30, 2015) concluded in the end as follows: "8 Notions of Innovation is Google's organizational culture that supports innovation, which is one of the core values of Krungthai Bank. During this visit, more exciting and impressive than its technology are Google's human resource management, work environment, and Google's principles that can be adapted to suit Krungthai Bank to increase effectiveness, cooperation, and happiness".

According to the consideration of Krungthai Bank's previous operations, the most significant was the change of vision from "convenience bank" to "growing together," which reflects the desire for the bank, all employees, customers, and

stakeholders to grow together. Under this vision, Krungthai Bank will still maintain standards of services that provide convenience for customers, but with an emphasis on elevating the quality of work and of employees' lives by developing the skills of employees and the work processes in parallel. The belief is that capable employees and competent processes will help customers grow, prosper, and achieve stability, and will improve the society and the country. When customers grow, shareholders and employees will also grow, which is the new vision that all employees commit to together as a common objective.

Next, there has been adjustment to the organizational culture. Krungthai Bank's existing organizational culture already has good features, as apparent in the camaraderie that results in good collaboration. However, certain areas need to be improved, such as the lack of distinction in the compensation for high performers from that for low performers. The new organizational culture is defined by "achieving results with employees enjoying work," which follows from "achieving results with happy employees." As employees spend most of their time at work, the bank would like the employees to enjoy their work. Once they enjoy it, results will surely follow. There should be clear performance indicators, so that once the results have been achieved, employees are satisfied to know that they will receive the fair compensation and promotion they deserve, which are related to their performance. Then, they will enjoy their work even more, and their performance will be further improved. At the same time, the roles of supervisors and subordinates as they work together are important determinants of enjoyment at work. Enjoyment will result from supervisors assuming the roles of team leaders, taking care of subordinates as if they were family, acting as coaches that provide advice and moral support, and making employees feel like Krungthai Bank is a second home. Vorapak Tanyawong emphasized the new vision of Growing Together, and the new culture of achieving results with employees enjoying work, or performance driven culture (Vorapak Tanyawong, personal communication, November 14, 2015).

Krungthai Bank's culture is considered to be unique and different from other organizational cultures. Vorapak Tanyawong stated that "from the first day I began working here until today, I have seen and experienced various admirable cultures of Krungthai, such as the love for the organization, the comradeship, and particularly,

the engagement with the organization that makes many employees remain with the organization for a long time. These are good qualities that we should preserve.”

At the same time, certain things should be changed. As Krungthai Bank is a state-owned enterprise, there are many regulations and constraints, resulting in lack of flexibility, risk aversion, lack of entrepreneurship in trying new things even though they might benefit the organization, and fear of mistakes.

The culture that Vorapak Tanyawong would like to see is Krungthai's blend of good cultures that are preserved, such as comradeship in collaboration, and improvements of flaws, especially regarding the sense of emergency, so that employees are willing to take more risks. This culture will lead the bank to the organization's ultimate goal, which is achieving results with happy employees enjoying work. (Vorapak Tanyawong, personal communication, February 13, 2016).

In addition, the research found that the roles of leaders in creating an organizational culture for competitive advantage should consist of the following:

- 1) Top management is determined to create an organizational culture to improve the quality of services to create a competitive advantage with an emphasis on proactive processes, on consideration of customers and stakeholders, and on flexibility and agility in the work. There should be decentralization of authority, rewards as incentives, implementation of strategies with a monitoring process, clear monthly and quarterly performance indicators, and benchmarking analyses with other financial institutions.

- 2) Compliance with regulations, procedures, and corporate governance principles by transforming internal control and internal audits to be consistently transparent

- 3) Top management should improve the efficiency of information technology, the efficiency of collaboration, and the fairness of the compensation, with regular learning and communication with working teams.

- 4) The communication of top management concerning visions, missions, values, goals, clarification of policies and procedures, issues, risks, and other general topics in order to ensure that the communication reaches all levels of employees

4.2.5 Service Quality

In order to achieve successful operational results and to create a competitive advantage for Krungthai Bank, various projects have been developed and implemented to emphasize and offer the best financial services for customers in conjunction with the implementation of HR transformation.

Vorapak Tanyawong explained that the bank must prepare to respond to the needs of the retail segment, which represents a crucial customer base, without overlooking the corporate and SME segments. The bank has implemented retail transformation, and SME transformation and corporate transformation projects. All 3 projects focus on improving processes to complement the transformed HR management. Particularly, these process improvements are for the purpose of responding to the needs of customers so that they are serviced in a proper manner, tone, attentiveness, enthusiasm, advice, and understanding from employees, and with timely, accurate, convenient, and secure systems and processes.

However, this does not imply that Krungthai Bank has done poorly in the past, but in the intensely-competitive environment, the bank cannot remain complacent and must adapt and improve continuously. Organizations that fail to improve or change may not be able to remain in existence. Vorapak Tanyawong gave the example of a company that had failed to adapt and faced a crisis in the following excerpt from an interview: “One company used to be ranked highly globally, a household name for cameras and films. However, this company did not innovate or adapt as fast as the competitors. Finally, this company later had no place to exist because people turned to use digital cameras...We would not want Krungthai Bank to be just a history, but we would want it to be a leading bank prospering along with Thailand forever” (Vorapak Tanyawong, personal communication, June 7, 2013).

Vorapak Tanyawong added that Robert Spector and Patrick McCarthy had investigated the success of Nordstrom in the book “The Nordstrom Way to Customer Service Excellence.” Undoubtedly, Nordstrom’s success in providing services that delight customers did not happen overnight, but resulted from continuous and extensive development of the Nordstrom Way. The heart of the Nordstrom Way is the organizational culture that empowers employees to independently make decisions regarding customer service as business owners with a sense of pride in working at Nordstrom.

The key mechanism that shaped the culture of customer service at Nordstrom was the organizational structure in the form an “Inverted Pyramid,” which is a structure that makes customers the first priority. At the top of the pyramid are the customers, followed by frontline employees and supervisors, while the executive team, such as the CEO, is at the bottom. With this organizational chart, Nordstrom classified personnel into 3 groups according to their service roles. Senior managers have the duty to create, support, and maintain the culture of service with the determination to pay attention to every detail in creating good experience for customers and employees. Frontline supervisors have the duty to create an atmosphere and factors conducive to services, from hiring the right personnel, such as pleasant individuals, empowering employees with trust and freedom, mentoring with feedback, and praising and rewarding. The last group, which is the employees, must realize that they are the frontline of the organization that has a culture oriented toward services. Their duty is to create and maintain relationships with customers through various skills, such as listening and observing, understanding the needs of customers, having correct and complete knowledge of the products and services, offering services that exceed expectations and are memorable to customers, and most importantly, providing services in a responsible, honest, and humble manner. They should always put themselves in their customers’ shoes.

The main purpose of the Nordstrom Way is the service to customers. Every activity is done so that the customers receive excellent service, which is similar to “service” as one of the bank’s core values. Nordstrom’s organizational culture and human resource management can be applied to other services, including the banking business, which requires giving customers the first priority. Krungthai Bank has placed tremendous value on human resource management and seen the significance of having each BU as an HR Manager. Vorapak Tanyawong stressed the following: “I believe all employees and Krungthai Bank are on the same path as Nordstrom was, and are contributing to the creation of KTB Way” (Vorapak Tanyawong, personal communication, June 6, 2015).

If the HR transformation becomes successful, it will finally lead to customer engagement. However, before that can happen, the bank must create employee engagement first. The bank cannot expect to see the smiles and engagement of

customers with Krungthai Bank and with Krungthai employees if the employees themselves do not smile at and feel engaged with one another and the bank. Regardless of the operational tools in place, successes and failures ultimately depend on the employees that serve the customers, not on the management. From the bank's vision of "Growing Together," a key driver is all employees' passion for work that will result in sustainable growth for the customers and the society, which will return sustainable growth to the bank, ultimately benefiting the shareholders and all of Krungthai Bank.

There are examples of customers that the bank had supported since the beginning until they grew to become strong, large organizations or to have stable financial positions, which are the bank's greatest pride. For instance, Kraisorn Chansiri, Chairman of Thai Union Frozen Products (TUF) Public Co., Ltd., a Thai business with a 100,000 million baht annual revenue, revealed the following: "he cannot possibly remember the amount of credit each bank has offered me today, but I can remember perfectly that my first 100,000 baht loan was granted to me by Krungthai Bank." Every New Year's, Kraisorn Chansiri would bring a gift basket to the branch manager who granted his first loan until that branch manager passed away. The story of Kraisorn Chansiri is a perfect illustration of the bank supporting its customers in "growing together." The first 100,000 baht loan that the bank granted 30 years ago led to assets worth 100,000 million baht of Thai Union Group PCL. today (Vorapak Tanyawong, personal communication, January 10, 2015).

Additionally, Vorapak Tanyawong shared his experience at the "Global Banking CEO Roundtable 2014" in Europe, to which the CEOs of banks from all continents were invited for the purpose of exchanging their views on future trends in the finance and banking industries. One of the insights gained from the event was about the customer's experience. All banks shared the same view—that customer service is important. During the discussion of how to make customer service the most efficient and effective in order to give customers a good experience, the conclusion was that the customers' impression of the bank or the organization would last forever. The banks that have succeeded in making a good impression on their customers were those that understood the customers, which required clear segmentation of customers, responding to the needs of each segment, and inducing everyone in the organization to

think about the customers. All employees, in both the front and back office, must think about customers first, which would make all departments in the organization work together efficiently to promptly respond to customers' impressions and satisfaction (Vorapak Tanyawong, personal communication, October 31, 2015).

Additionally, elevating Krungthai Bank to meet international standards is essential because financial services are among the services that the cooperation of members of the ASEAN Economic Community aims to develop in order to match the quality at the international level. Thus, the top management of banks must have knowledge and understanding of the needs of customers from various countries, which are diverse, and ensure that they all receive high-quality services.

At the present, Krungthai Bank has made improvements in its service with the use of leading technology and innovation, enhancing quality continuously in order to elevate its standards to be globally accepted. This factor is valued by customers, which represents a differentiation that distinguishes the bank from competitors. Customer satisfaction from receiving the expected services is evaluated, which is primarily determined by an important component, the awareness of the quality of the services offered. Thus, the conducts of the service providers will influence the satisfaction in the services. In earning customers' approval/esteem/ admiration and in developing itself, Krungthai Bank has the goal of attaining national and international recognition as a leading financial institution.

The efforts to develop service quality at Krungthai Bank illustrate the resolution to cultivate a quality system so that the service quality meets international excellence and impresses customers all the time. The goals are 1) to be a financial institution with excellent service; 2) to manage according to good corporate governance; 3) to create satisfaction for all parties involved; 4) to offer convenient, prompt, and satisfactory services; 5) to use innovative technology to add value for the customers covering all financial services. The top management needs to support the development of employees and to coordinate efficient communications in order to manage this effectively.

The improvement in work procedures entails systematic and continuous learning and improvement as the mechanism that stimulates quality development, exchanging knowledge with experts and consultants, and certifications from entities

internal and external to the bank, supplemented by regular evaluation and development. The heart of service quality is the employees' determination to produce high-quality work, to cooperate as a team within and across departments, and to establish standards in the work. There should be a reliable review system and development of service processes that support financial services with emphasis on security. These elements will promote strong service quality that is sustainable.

4.2.6 HR Transformation and Competitive Advantage of Krungthai Bank

The research on human resource management, on the HR Transformation project, and on various measures to create a competitive advantage provides convincing evidence of Krungthai Bank's potential to become a sustainable leading bank characterized by growth, stability, and agility in adapting to a changing environment. These are qualities that will make Krungthai Bank a valuable organization for its stakeholders, including shareholders, customers, employees, partners, and the society.

In order to achieve the above goals, 2 main groups of projects have been developed. The first group, the projects under KTB transformation, mainly include retail transformation, SME transformation and corporate transformation, which are focused on systems and processes. Transforming the work processes to be shorter, more streamlined, and more compact would lower the workload and increase the time of employees. The second group of projects falls under engagement, which consists of customer engagement and employee engagement and is focused on people in order to promote relationships, understanding, and care between customers and employees and among employees towards one another. In addition to these 2 groups of projects, the bank has a crucial program called the State Enterprise Performance Appraisal (SEPA), which needs to be conducted as another factor that makes the bank's management efficient and successful (Vorapak Tanyawong, personal communication, June 28, 2013).

The major rationale for the operation of KTB transformation is the significant increase in the intensity of competition in the financial industry from domestic and international commercial banks, specialized financial institutions (SFIs), and non-bank competitors. Further, customers' needs have become more complex, with higher

expectations for the bank's products and services. Thus, in order to both increase the bank's capabilities to match or exceed those of competitors and to respond to the customers financial requirements, the bank has to carry out transformation.

KTB transformation has been implemented but the bank communicated about SME and retail transformation particularly because their processes affect a large number of the bank's employees. The scope of work encompasses 3 main areas, which are:

1) Front office operations, such as activities that require coming into contact with customers and marketing activities. Krungthai Bank will reform the segmentation and the processes of customer service with systems that help employees clearly identify targets and with tools that aid the employees in their marketing activities, which will enhance the bank's capability in marketing and customer service.

2) Back office operations. For example, renovation of internal processes that simplify and streamline the work procedures will offer the frontline employees more time to engage in marketing activities, while the back-office operations can work more efficiently and increase productivity to raise the hit ratio. Two other important issues that cannot be neglected are risk management and the credit approval process, which suffer from bottlenecks at the moment. Steps and procedures for evaluating credit have been streamlined to be more concise, while risk management tools have been developed to elevate and strengthen the bank, reducing NPL and reserve requirements.

3) People. This is a very important topic. The bank will become a performance driven organization with compensation and career paths determined by each individual's performance. Additionally, in order to develop the skills of employees in parallel with the transformation, the bank will provide intensive training and coaching from supervisors.

It can be stated that the expected outcomes from the transformation are to equip the employees with "sharpened claws" in preparation for the more intense competition and with tools and processes that make their jobs more convenient, faster, and more efficient. They will have more time to take care of customers with risks more limited, which will enhance the capability of the bank, increase customer

engagement with employees and the bank, and bring the bank to the highest summit as the number one bank. If this can be accomplished, customers will certainly use the bank's services more, leading to growth in earnings and operational results. Particularly, it will help the bank expand its customer base to the private sector, positively contributing to the bank's stability. At the same time, the bank's employees will advance in their careers, have a better quality of life, have opportunities to work in desired roles, have opportunities to acquire new skills to increase their own values, have time to take care of themselves and their family, and perceive the bank as the second home. This will accomplish the bank's objective of "achieving results with happy employees."

Nonetheless, in making the transformation a success, employees must collectively change their attitudes and methods of work. The organizational culture must be transformed to be performance driven. Customers must be the number one priority. The need for the transformation must be recognized, as shown by the awareness of the sense of urgency in each task and the full accountability for assigned duties. Best efforts must be given for the success of the work. Vorapak Tanyawong emphasized that "the most important thing for the operation is the fact that employees should open their minds to accept the upcoming changes and participate in this grand transformation phenomenon, contributing to one of the critical pages of the bank's history, and I guarantee that the top management will give full support for this important event" (Vorapak Tanyawong, personal communication, August 30, 2013).

According to the case of Singapore, a country that has succeeded in managing its population efficiently, Former Prime Minister of Singapore, Lee Kuan Yew, did not develop the nation only by providing standard education. He elevated the quality of the population by cultivating a culture of personal and social accountability and respect for the rule of law. Lee Kuan Yew believed in human capital and was determined to enhance its quality and potential through education and culture. Since the key element that would provide prosperity for a country with a limited number of citizens was the productive and effective use of human resources, Singapore's businesses were mainly high value and innovative enterprises.

HR transformation is the enhancement of the efficiency of the bank's human resource management with the focus on developing leaders and raising the skills of

employees to be comparable to those of competing banks' employees. Employees will be able to aptly provide advice or act as a financial consultant of customers. The services provided are proactive in nature and respond to the needs of the customers quickly (Vorapak Tanyawong, personal communication, January 18, 2015). According to the goals of the 3 Summits, if the bank would like to increase its profitability and expand its business, it must operate under 3 conditions, which are: 1. no increase in capital; 2. no increase in people employed; 3. 8-hour work day. This means that the bank must manage resource effectively and efficiently, reaping the most benefits from the organizational resource and hitting the targets as much as possible (Vorapak Tanyawong, personal communication, April 3, 2015).

From the finding that only excellent financial service will encourage repeat visits and word of mouth, the bank should manage its operations to be effective, transparent, capable of satisfying customers, acceptable according to established standards, convenient, and timely, with the usage of technology and innovation to add value. Operations should be guided by rules, regulations, and policies, and continuous development of services should be embedded in the organizational culture in order to respond to the needs of customers and to generate satisfactory outcomes. These can only result from top management and all levels of employees of Krungthai Bank sharing mutual goals that should be continually developed until it becomes a culture and the DNA of the organization.

Additionally, there is an opportunity for Krungthai Bank to expand to AEC customers, which will offer better prospects for generating growth from competitive advantage. The bank can take advantage of having networks of branches covering all regions of the country and connecting to the ASEAN regions, allowing related businesses to benefit from AEC's population of 600 million, which is a large customer base, as much as possible. This will provide benefits to Krungthai Bank in various aspects, and serve as a critical foundation for long-term development. Krungthai Bank, which has skills and experience in finance, can then build a foundation to support and develop its capability for stability, strength, and sustainable competitiveness. There should also be financial innovation, which is a key for Krungthai Bank to become a leader and to succeed in the competition, as well as to generate maximum benefits for the country.

From the analysis of all of the data, the researcher has synthesized the results as a model of HR transformation and competitive advantage for Krungthai Bank, where the researcher has summarized the research results, discussed the research results, and made recommendations. These will be presented in Chapter 5.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

In studying the HR transformation and competitive advantage of Krungthai Bank using mixed-methods research, the researcher has reviewed the present HR transformation development of the bank and its key success factors and has further developed an effective model that is in accordance with the bank's present framework for its HR transformation for competitive advantage. Therefore, the researcher will present the outcomes of the study according to the following 3 aspects,

- 5.1 Summary and Conclusions of the Findings
- 5.2 Discussions and Research Contributions
- 5.3 Recommendations

5.1 Summary and Conclusions of the Findings

The outcomes of the research can be summarized and concluded according to two different aspects as follows:

5.1.1 Outcomes According to the Research Method

This research employed a mixed-methods approach, meaning that after the theoretical framework and the formation of the research hypotheses were achieved, the quantitative method was employed. The quantitative research was performed using a questionnaire with 400 samples of Krungthai Bank's staff and management nationwide. The convenient sampling method was used to reach the target quantity. The exact 400 samples were essential in order to have sufficient data for evaluation. This process was then followed by qualitative research, where the data were collected through in-depth interviews with research samples or experts. Twenty samples were interviewed. The experts were executive officers from government organizations such

as the Ministry of Finance, the bank of Thailand, and Krungthai Bank and from local associations, related institutes and key account bank customers.

5.1.2 Outcomes of the Objectives

According to the study in general, most of the bank's employees were women, with a total of 210. This number was 52.50% of the total employees. Thirty-four point seventy-five percent of the employees or 139 employees were 51-60 years of age. Two hundred and nine employees or 52.25% of the total employees were married. Two hundred and forty three employees or 60.75% of the total employees are university graduated with bachelor's degrees. One hundred and twenty four employees or 31.0% of the total employees have been working with the bank for 5-10 years. One hundred and twelve employees or 28.0% of the total employees earned 15,000-20,000 Baht a month. Two hundred and twenty two employees or 54.5% of total employees were equipped with a medium level of professional knowledge and skill in their field of expertise, which is required for the coming AEC. One hundred and sixty four employees or 41.0% of total employees had English competency.

The outcomes regarding objectives can be summarized as follows.

5.1.2.1 1st Objective: To Examine the Context of HR Transformation to Create Competitive Advantage for Krungthai Bank

As for the first objective, the study of present problems and impediments to the development of Krungthai Bank's HR transformation to create competitive advantage, can be explained according to the following details.

1) Organizational Culture Characteristics

It was revealed that the Clan culture score was at a high rating with a average result of 3.83. This was calculated from the highest score of 3.96 from the motivation campaign to invite all employees to work together systematically response option, the score of 3.91 from the organizational culture as a framework to promote internal collaboration environment response option, and the lowest score of 3.68 from the welcoming of the AEC culture, e.g. listening, speaking, and reading the ASEAN and English language to accommodate change response option.

The Hierarchical culture score was also at a high rating, with the average result of 3.86. This was calculated from the highest score of 3.97 from

following the organization hierarchy or organization structure response option. The score of 3.91 was for following orders and being controlled by regulations, including the fixed appointments of the employees response option, and the lowest score of 3.77 was from the organizational culture transformation to international standards and to improve public process effectiveness and efficiency response option.

In terms of Adhocracy culture (Changing Culture), the score was also at a high rating, with the average result of 3.90. This was calculated from the highest score of 3.95 from the pressure or motivation from management that encourage challenges and risk-taking of employees response option'; the score of 3.92 from the risk-taking, creative or results-oriented attitudes of the employees response option; and the lowest score of 3.84 from the organization improvement to equip employees with new values and beliefs of the bank's objectives and missions response option.

In terms of Marketing culture, the score was again at a high rating, with the average result of 3.85. This was calculated from the highest score of 3.96 from the excellent financial service culture of Krungthai Bank's response option; the score of 3.91 from professionalism towards the bank's stakeholders' benefits response option; and the lowest score of 3.73 from the creation of organizational culture which attracts international customers, tourists, and laborers to use the bank's services and the staff's behavioral enhancement to international standard level response option.

According to the study, Krungthai Bank's management should commit to forming an organizational culture that enhances the bank's service quality to achieve competitive advantage. They should make customers and stakeholders their priority and decentralize authority to gain operational flexibility. The reward system must be implemented in order to motivate the staff. The rewards should be given for distinctive results of individuals and classified into 5 categories. They are FIRST, which refers to Firm, Innovation, Responsibility, Service, and Teamwork. The bank should use the KPI system to track its performance against other financial institutes in the industry and use it to improve their strategies and operations. It should follow all rules and regulations and conform to corporate governance practice.

Internal audit and control must be adjusted continuously. Moreover, it is essential that the management fine-tune its work process and get involved with operational staff. They must always analyze the KPIs, review operational procedures, and scrutinize problems and recommend measures for solutions. Regular communication and meetings with teams must be held to share ideas and information in order to achieve the desired operational behavior.

In order to realize service quality improvement in action, the management must appraise the bank's policy, stakeholders' relations, and internal and external situations. The appraisal should include IT efficiency enhancement, financial stability improvement, stakeholders' relation effectiveness evaluation, and operational assessment. Benefits should be given according to the performance to be consistent with performance driven organization policy.

The bank should advance its communication strategy to cover all levels of employees to share its visions, missions, objectives, and action plans. The strategy should also be applied to clarify the bank's policies and procedures through information exchange and learning among departments. In addition, to be able to recognize every problem and all probable risks, the strategies should be used to administer the bank's operations.

Proactive service strategies must be installed in order to achieve Krungthai Bank's high efficiency resource management. The strategies should include convenient and rapid access to services, cost reductions, IT improvement, and the initiation of new financial innovation to support modern and future services. The management should promote knowledge formation and innovation initiatives and drive the bank to fulfill its potential to be excellent. They should also improve their organizational competency and generate mutual values according to the saying, "Successful work earns employees happiness" and "Successful work earns employees joy."

2) Service Quality Characteristics

In terms of service tangibility, the overall score was at a high rating with the average value of 3.80. This was calculated from the highest score of 3.88 from the good-quality service counter with appropriate and clear service sign response option; the score of 3.81 from the large waiting area with sufficient facility

response option; and the lowest score of 3.74 from the good branch location with sufficient parking area response option

In terms of assurance, the overall score was also at a high rating, with the average value of 3.94. This was calculated from the highest score of 4.01 from the correct, complete, and flawless service response option; the score of 3.97 from the ability of the staff to provide reliable and trusted service to all customers and to be effortlessly accessible response option; and the lowest score of 3.88 from encouraging staff to gain appropriate knowledge and skill response option.

In terms of responsiveness, the overall score was also at a high rating, with the average value of 3.93. This was calculated from the highest score of 4.05 from the customers always receiving service advice from staff response option; the score of 4.02 from the customers' shortest waiting time due to competent and skillful staff response option; and the lowest score of 3.89 from the humble, polite, and considerate service staff and opportunity to enquire about all of the the bank's services response option.

In terms of reliability, the overall score was at a high rating, with average value of 3.85. This was calculated from the highest score of 3.83 from the ability of the staff to clarify all enquiries from customers' response option; the score of 3.82 from the availability of ethical and moral development programs for the bank's staff's response option; and the lowest score of 3.69 from the prompt response to any errors raised by customers' response option.

In terms of empathy, the overall score was also at a high rating, with average value of 3.80. This was calculated from the highest score of 3.86 from the proper greeting from the staff and the staff having proper gestures and being polite and kind to the customers response option; the score of 3.84 from the staff paying respect, caring about and giving priority to the customers response option; and the lowest score of 3.79 from the implementing advance technology to add value to the customer service response option.

It is essential that Krungthai Bank's service be in compliance with international standards in order to be competitive in the AEC financial market. Hence the bank's management must be well equipped with knowledge, skills, and comprehension of all financial services and understand both local and international

customers' requirements which vary from one nationality to another but need to be fulfilled satisfactorily. Moreover, with international standard financial services, the economy of the AEC countries will progress rapidly.

Looking into the present bank's present situation, Krungthai Bank has recently applied advanced financial technology and innovation and keeps improving its service quality in order to reach international standards. However, in order to gain true competitive advantage, the bank needs to invest in new financial mobile applications and modern devices that meet the customers' expectation. In addition, it is important to ensure that the staff's appearance and gestures satisfy all customers. Should the bank be able to follow these plans, it would gain a good reputation and pave the road for the bank to serve customers globally.

In compliance with the bank's quality policies and objectives for excellent service, the management must promote quality improvement and effective collaboration in every service. When the staff has full knowledge and skills that meet customers' expectations, the customers will be well informed and be able to make good service choices and be able to assess the overall bank's service quality. As a consequence, service will be continually improved with success and to set directions.

Regarding continual service improvement, an important task is to ensure that the continual systematic learning and improvement that drive quality development are in place. This process should make sure that the momentum for quality improvement is maintained by assuring that changes become embedded in the organization. Information exchange with experts or advisors and accreditation from local and international organizations, including continual evaluation, are required. Commitment from the staff in terms of the quality of work is the key success factor. They must work in teams both in their own and across organizations. There must be standard procedures and reliable audit systems. Financial service security must be developed according to international standards in order to maintain strong service quality. Last, there must also be indicators to measure service effectiveness and efficiency against set goals. The outcomes should be able to provide meaningful information for improvement or to create solutions that everyone can work on.

3) Human Resource Management and Development

In terms of planning, the overall score was at a high rating, with an average value of 3.84. This was calculated from the highest score of 3.91 from the having proper workforce planning for an organization as a foundation for career path development for every staff response option; the score of 3.89 from the having a system to track and evaluate staff competency development that provides information ready for the bank to use in the future response option; and the lowest score of 3.77 from the having plans for staffing needs in the future in order to manage change efficiently response option.

There are human resource management plans to meet or exceed the predetermined goals and missions formulated in Krungthai Bank. The plans are distinct from those of other competitors both in terms of the number of personnel needed and the relation to the bank's mission. The performance standard system plans the training needed to equip each bank's personnel with the knowledge and skills required for their functions and their career paths. The plan also includes quality and skill development plans to adapt to the future business and environmental changes of Krungthai Bank. This fosters teamwork and collaboration among the staff members to achieve effectiveness that will result in banking excellence.

In terms of recruitment, the overall score was also at a high rating, with the average value of 3.89. The highest score of 3.98 was from the ability to recruit the best personnel that can deliver distinctive performance response option; the score of 3.92 was from the ability to recruit and select the best personnel that have innovative attitudes, skills, experience and perspective response option; and the lowest score of 3.82 was from the ability to recruit personnel with educational backgrounds, competence, and experience suitable for the job response option.

The recruitment system of Krungthai Bank is able to attract the best suitable personnel that possess required education backgrounds, experience, and competence with innovative attitudes, perspectives for the position, and that conform to the bank's visions and core values. This will be important resources and increase the bank's operational effectiveness. In addition, in terms of executive and supervisor job placement, persons will be selected from the staff with the best performance and loyalty within the bank and that are well groomed with the bank's management

tactics that can be passed on to the next generation. This strategy of internal promotion will result in having a staff that fits well with the company culture and has a proven performance record and will increase morale and retention.

In terms of human development, the overall score was at a high rating, with the average score of 3.92. This was calculated from the highest score of 4.03 from having personnel development system to empower the bank's staff's response option; the score of 3.96 from having continuous changes in development plans that adapt to the changing business environment and that meet the bank's goals response option; and the lowest score of 3.83 was from having work process development that increases the bank's staff's efficiency response option.

Krungthai Bank should have personality development programs to improve and groom the staff in order to bring about positive transformation so that they will be polite and kind to the customers and always have proper welcoming behavior. As a result, the bank's service will be well accepted and meet the customers' expectations. Human development plans should also make all staff members recognize the bank's core values and believe in its mission. The plans should include a framework to improve work efficiency to higher standards. It should also include strategies to encourage staff creativity and professionalism to advance the bank's standards to the next level as the bank emphasizes promoting experienced and competent staff members from within the organization. Third language, especially English, training should also fit the plans in order to serve the increasing number of foreign customers. Japanese, Chinese, and Russian languages should also be taught to the staff working in the area where such languages are required in order to satisfy and impress the foreign customers that use the service. The bank should ensure that the service staff has the sufficient knowledge and skills necessary to flawlessly serve the customers. It should encourage close relationships between the staff and customers to create complete trust and confidence between them, which will determine the bank's competitive advantage and sustain its growth. It is vital that human resource development enable the staff to recognize its roles and responsibilities since it is the essential factor that can have a permanent influence on the human behavior needed for the bank's administration. This behavior should be imprinted in the staff's

subconscious and become their “DNA” so that they will be competent enough to help Krungthai Bank achieve its extreme objective of being qualified as a global bank.

In terms of retention, the overall score was also at a high rating, with average score of 3.97. This was calculated from the highest score of 4.08 from the having a suitable career path for each staff member and being aligned with the individual’s interests and needs response option; the score of 4.01 from the having clear promotion programs in place that match their performance and make them proud of their assignment response option; and the lowest score of 3.85 from the staff having opportunity to select the function it wants to transfer to work so it can deliver the best benefits to the bank response option.

Krungthai Bank should have a work flexibility policy to retain a competent staff to keep working for the bank without boredom but with challenging motivation. Incentives should match the individual’s performance, including staff promotions to the next level and inspiring the staff to fulfill the bank’s mission. It should provide enough benefits and welfare to individuals according to their expectations so that their family can have better standards of living.

4) Competitive Advantage

In terms of strategy, the overall score was at a high rating, with the average score of 3.86. This was calculated from the highest score of 4.03 from the Krungthai Bank’s business having enough profit to sustain growth and stability response option; the score of 3.91 from the Krungthai Bank having an action plan to enable the bank to manage limited resources to achieve its predetermined goals response option; and the lowest score of 3.75 from the Krungthai Bank’s having a clear mission to satisfy customers’ needs and to make them happy response option.

To be a leader in the industry, the bank should commit to formulating strategies that improve the organization and various types of service quality. It should emphasize proactive strategies, customer satisfaction, and stakeholders’ benefits. The strategies should promote strategic partnering policy and create motivation at every organization level. The bank should seriously drive its strategies and monitor the results with various indicators and have a good internal audit system to ensure that all regulations are followed. However, the audit system must be adaptable to change constantly and the bank should use proactive measures to

change the work process to hold learning properties. The staff should share its knowledge and cooperatively analyze problems and find appropriate solutions that will result in desired organization behavior.

In terms of the organization's structure, the score was also at a high rating with the average score of 3.82. This was calculated from the highest score of 3.87 from the Krungthai Bank having a decentralized organization and giving significance to both the main and support functions evenly response option; the score of 3.82 from the Krungthai Bank having an organizational structure that emphasizes delivering flawless quality service and every staff member doing his or her jobs perfectly well response option; and the lowest score of 3.78 from the Krungthai Bank having an organizational structure that contains momentum for changes regularly to avoid organizational deterioration in the long run response option.

Krungthai Bank should possess appropriate mechanisms to manage and administer the bank's policy. Visions and missions should be defined to give directions to the planning, operations, and evaluation process and this should be relayed to all divisions. The bank should employ rules, regulations, and procedures to govern the direction and process setting, and there should be a constant service development culture in the organization. Additionally, management should support and push forward standardized concepts in every operation. With a standard system in every operation, the customers will then trust the bank's product and service quality and be confident that there is no risk in using the bank. Moreover, the bank should also use a personnel selection and development system that guarantees that competent people are selected to provide quality service.

In terms of the HR system, the overall score was at a high rating, with average score of 3.78. This was calculated from the highest score of 3.88 from the having suitable selection processes, especially in recruiting the executives that advance from within response option; the score of 3.82 from the having constant change embedded in every organization in order to encourage effective advancement response option; and the lowest score of 3.75 from the having a formal and informal line of authority for effective management response option.

Krungthai Bank employs both formal and informal lines of authority in order to increase work effectiveness. The reward system should be based

on the effectiveness and efficiency of the output of the work. The system should promote Krungthai Bank as an excellent bank in every aspect and prepare it for the AEC.

In terms of administration technique, the overall score was at a high rating with average score of 3.89. This was calculated from the highest score of 3.95 from the staff having autonomy to work and to have a sense of ownership response option; the score of 3.92 from the having administration techniques that emphasize efficiency and effectiveness option; and the lowest score of 3.86 from the bank adhering to the staff center philosophy and treasuring them as the most valuable resources response option.

According to the research, the administration techniques within Krungthai Bank stress effectiveness and efficiency by having the participation of all the staff in every operation and creating a decentralized atmosphere. The techniques also cover incentives to motivate the staff to be dedicated to its work. The jobs at Krungthai Bank are designed for work flexibility and to create a sense of ownership. The management of the bank also sticks to an employee-centered philosophy because it sees them as the most valuable assets. Krungthai Bank promotes strategies that prepare the staff for professionalism as well. Further, it places greater emphasis on sincerity and family than profitability so that the staff will respond more to the customers' needs and the stakeholders' benefits.

In terms of ultimate goal, the overall score was also at a high rating, with the average score of 3.96. This was calculated from the highest value of 4.00 from the bank having ultimate goals that motivate and stimulate the staff to appreciate and bind them to the bank's objectives response option; the score of 3.96 from the bank adhering more to the ideals than to profit in order to change its operations for progress response option; and the lowest score of 3.93 from having management with a participation philosophy and teamwork spirit to realize the same missions response option.

Krungthai Bank embraces goal-setting procedures because it is the most vital process to stimulate and bind the staff to the bank's objectives.

The bank management must know and understand the customers' needs, which vary from one nationality and culture to another. There is

continual service technology improvement to lift the bank's standard to be recognized globally and to create a competitive advantage for the bank. In addition, the bank possesses a service differentiation advantage that has been certified and rewarded by external organizations locally and overseas. Therefore, a periodical review of service standards and customers' expectations is unavoidable. The bank should regularly analyze its environment and search for opportunities to improve its products, services, and process quality in order to match the rapidly-changing business economy, society, environment, and the technology and customers' needs. Likewise, the bank should empower the staff to understand and acknowledge goals and indicators so that they can cooperatively perform in the same direction and support external audit programs that will accredit the bank's performance. All of these procedures will reflect the bank's strength and opportunity for accurate advancement.

5) HR transformation to create competitive advantage for Krungthai Bank

In terms of customers' satisfaction, the overall score was also at a high rating, with average score of 3.91. This was calculated from the highest score of 3.98 from the having good branch locations and a service environment that is clean, convenient, spacious and that uses modern materials and interior design response option; the score of 3.93 from the having a competent staff that can deliver accurate service information, data, and knowledge to the customers response option; and the lowest score of 3.81 from the staff paying sincere attention to and caring about the customers and making them feel important response option.

The most important thing in service is to have customers receive prompt, convenient, and satisfactory service. It should meet the customers' expectations in every dimension and be flawless. The service should be easily accessible, of high quality, and be cost effective. Service prices, branch locations, the bank's image, team capacity, the government regulations, and service accessibility are the factors that influent customers' service choices. These factors in combination should be crafted in order to create maximum value and benefit to satisfy the customers.

It is important that every department collectively develop Krungthai Bank's products, services, and processes to international standards.

Therefore, the bank's management should know and understand the customers' requirements, which vary from country to country so that quality and standardized services can be delivered to satisfy the bank's customers. The bank should continuously employ technology and financial innovation to add value to its services and in order gain a competitive advantage.

In terms of organizational effectiveness, the overall score was at a high rating, with the average score of 3.93. This was calculated from the highest value of 3.96 from the bank having resource management plan to drive the bank to its goals with limited resource response option; the value of 3.94 from the bank being ready to enter the AEC market with efficient operations response option; and the lowest value of 3.88 from the bank having an effective and efficient administration that is result driven option.

Krungthai Bank is regarded as a bank with complete financial and banking products and services. Since service is one of the strengths of the Thai people, when there is AEC integration, it would be an opportunity to grow the bank's business with this competitive advantage.

With branches spread nationwide and connected with ASEAN neighboring countries, the bank can use this advantage to increase its market share in the AEC market of 600 million people. This large market share is valuable to the bank and will be an essential foundation for the bank's long-term development plan. With a continued increase in effectiveness and efficiency, the bank's staff will be skillful and experienced to carry out the services more efficiently, which will form strong infrastructure to support and improve the bank's potential to have stable growth that will become its strength and will sustain its competitive advantage.

However, there should always be new-quality financial product and service innovation since this will be the key parameter during Krungthai Bank's transition to proudly become a leader in the industry. This innovation will push the bank to progress successfully and to bring utmost benefits to the country.

5.1.2.2 2nd Objective: To Determine the Key Success Factors that can Influence HR Transformation to Create a Competitive Advantage for Krungthai Bank

In terms of the second objective, confirmatory factor analysis was used and details are as follows.

1) Organizational Culture

Adhocracy culture (Cul3) possessed the most significant factor loading of 0.822, Market culture (Cul4) possessed a second significant factor loading of 0.810, and the Clan culture (Cul1) possessed the least significant factor loading of 0.673. Considering the variance ratio between the observed variables with the communalities, it was revealed that Adhocracy culture (Cul3) possessed the most significant R_2 of 0.675, Market culture (Cul4) possessed the second significant R_2 of 0.655, and Clan culture (Cul1) possessed the least significant R_2 of 0.453.

2) Service Quality

The assurance index (Ser2) possessed the most significant factor loading of 0.808, the customer satisfaction index (Ser5) possessed the second significant factor loading of 0.790, and the needs fulfillment index (Ser3) possessed the least significant factor loading of 0.742. Considering the variance ratio between the observed variables and the communalities, it was revealed that the assurance index (Ser2) possessed the most significant R_2 of 0.654, the customer satisfaction index (Ser5) possessed the second significant R_2 of 0.625, and the needs fulfillment index (Ser3) possessed the least significant R_2 of 0.551.

3) Human Resource Development

The retention index (Del4) possessed the most significant factor loading of 0.795, the development index (Del3) possessed the second significant factor loading of 0.788, and the planning index (Del1) possessed the least significant factor loading of 0.768. Considering the variance ratio between the observed variables and the communalities, it was revealed that the retention index (Del4) possessed the most significant R_2 of 0.632, the development index (Del3) possessed the second significant R_2 of 0.621, and the planning index (Del1) possessed the least significant R_2 of 0.590.

4) Competitive Advantage

The ultimate goal index (Com5) possessed the most significant factor loading of 0.827, the management style index (Com4) possessed the second significant factor loading of 0.787, and the organization structure index (Com2) possessed the least significant factor loading of 0.750. Considering the variance ratio between the observed variables and communalities, it was revealed that the ultimate

goal index (Com5) possessed the most significant R2 of 0.684, the management style index (Com4) possessed the second significant R2 of 0.619, and the organization structure index (Com2) possessed the least significant R2 of 0.562.

5) HR transformation to create competitive advantage for Krungthai Bank

The customer satisfaction index (HR1) possessed the most significant factor loading of 0.862 and the organization effectiveness (HR2) possessed the significant factor loading of 0.8444. Considering the variance ratio between the observed variables and the communalities, it was revealed that the customer satisfaction index (HR1) possessed the most significant R2 of 0.742 and the organization effectiveness (HR2) possessed the significant R2 of 0.712.

5.1.2.3 3rd Objective: To Develop an Effective Model of HR Transformation to Create Competitive Advantage for Krungthai Bank

According to the test of the model or the analysis of the causal relationships among the variables using LISREL (analysis of moment structures), in which the variables at the tails of the arrows were the causal variables or the variables that changed the variables at the heads of the arrows, the researcher used the path analysis of the modified linear structural equation model for investigation of the HR transformation and competitive advantage of Krungthai Bank in order to present the findings as this was more consistent with the empirical data. The details revealed that HR transformation received a positive effect from competitive advantage, with a value of 0.48 which had a statistical significance. Competitive advantage received a positive effect from Organizational Culture, with a statistically-significant value of 0.60, from Service Quality with a statistically-significant value of 0.59, and from Human resource management and development with a statistically-significant value of 0.58.

Additionally, Organizational Culture had a direct effect on competitive advantage with a statistically-significant value of 0.60. Its direct effect on HR transformation had a value of 0.67, while the indirect effect was 0.29, which had a statistical significance. Service Quality's direct effect on competitive advantage was statistically significant at 0.59, its direct effect on HR transformation was statistically

significant at 0.68, and its indirect effect on HR transformation was 0.28. For Human resource management and development, the direct effect on competitive advantage was 0.58, the direct effect on HR transformation was 0.44, and the indirect effect on HR transformation was 0.28, all with a statistical significance.

The results from the path analysis of the effects among the variables in HR transformation after modifying the relationships until they were acceptable was done with consideration given to congruence, fit, and the forecast equation of the causal structural equation, and these are shown as follows.

1) HR Transformation = Competitive advantage 0.48,
Coefficient of Determination (R²) = 0.70

2) Competitive advantage = Organizational Culture* 0.60 +
Service Quality* 0.59 + Human resource management and development* 0.58,
Coefficient of Determination (R²) = 0.83

Table 5.1 Results of the Hypotheses

	Hypothesis	Results
H1	Organizational culture has a positive influence on competitive advantage.	related to the hypothesis
H2	Service quality has a positive influence on competitive advantage.	related to the hypothesis
H3	Human resource management and development have a positive influence on competitive advantage.	related to the hypothesis
H4	Competitive advantage has a positive influence on HR transformation to create a competitive advantage for Krungthai Bank.	related to the hypothesis
H5	Organizational culture has an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.	related to the hypothesis

Table 5.1 (Continued)

	Hypothesis	Results
H6	Service quality has an indirect influence on HR transformation to create a competitive advantage of Krungthai Bank.	related to the hypothesis
H7	Human resource management and development have an indirect influence on HR transformation to create a competitive advantage for Krungthai Bank.	related to the hypothesis

The HR transformation and competitive advantage model of Krungthai Bank is shown below (Figure 5.1).

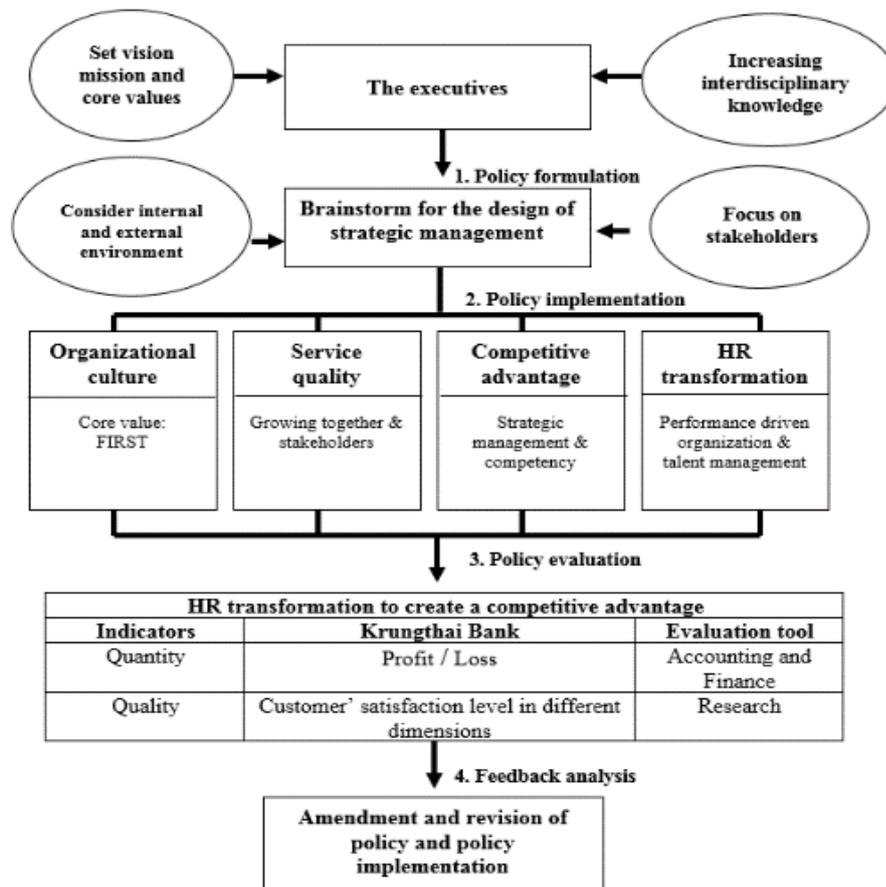


Figure 5.1 HR Transformation and Competitive Advantage Model of Krungthai Bank

To understand HR transformation and competitive advantage model of Krungthai Bank, the explanation will follow Krungthai Bank's policy management process. To formulate the strategic management policy, all levels of Krungthai Bank's executive will hold a brainstorm session to explore both internal and external environments in related to stakeholders' benefits. Then to implement the policy successfully, the executives will take into account various influential factors such as organizational culture, service quality, competitive advantage and also HR transformation. At the end to evaluate the policy outcome to achieve "HR transformation for competitive advantage", the executive needs to understand all indicators and presents them in both qualitative and quantitative formats such as profit, loss, number of customers etc. which requires financial and accounting acumen and customer' satisfaction in different dimension such as staffs' gestures, services, prices, place, system etc. which requires some forms of researches. Finally, after policy evaluation the bank will realize its strength and weakness of its organization and human resource management. At this stage the bank will have sufficient information on problems and obstacles and the resolution for its problems and improvement. This is a feedback analysis stage that suggests and recommends the bank way to succeed.

According to the research findings, it is vital that Krungthai Bank develop its own personnel at all levels to be knowledgeable with suitable skills, and to be able to deliver services that meet or exceed the customers' expectations since reliability, internationally-recognized standards, and accuracy are the essential parameters that define competitiveness. Every staff member needs to strictly follow all rules and regulations and be responsible and reliable and commit to the bank's FIRST core value. All costs including fees and operations must be consistent with the service that customers receive and perceive. Additionally, customers should be able to access all of the bank's services in good time. Therefore, in order to improve its service delivery, Krungthai Bank needs to study its problems and impediments in order to determine the factors that will help improve its service quality to be ready for the AEC. This step should be taken seriously to be truly effective. The bank's financial system should be exceptionally reliable and secure and meet international standards. It should provide an ICT system and facilities for the customers' convenience and training and development programs for all of the staff.

Further, Krungthai Bank's management should place priority on operational excellence with quality and efficiency of the organization. The administration system must be able to ensure that all of the bank's processes are controlled and auditable. This would result in continuous exceptional behavior that is part of Krungthai Bank's management strategies. The bank's customers need to receive better service while the bank's staff needs to have a lower work load, better collaboration, and self-development, and the bank's shareholders expect to see that the bank possesses the capacity to adapt to change and continually progress. Should these requirements of all of the bank's stakeholders, customers, staff and shareholders be met, the bank's growth will be sustained.

Hence, in order to improve the bank's performance, all of the bank's processes need to be improved. Service must be of quality and secure. All processes, whether administrative, managerial or those regarding customer care, both tangible and intangible, must be auditable. The bank should place emphasis on the staff's commitment to work. They must work in teams and be willing to regularly be audited and improve their work in order to meet rapidly-changing customers' needs.

Krungthai Bank should have some mechanisms in place to continuously monitor the bank's policy and administration. The bank's plans and evaluation processes should follow its vision, mission, and philosophy. These must be spread to all divisions and departments. Rules, regulations, and function procedures will be executed so as to respond to the customers' needs. Moreover, the bank's management needs to foster collaboration among its divisions to serve the customers. The divisions should communicate and collectively solve problems with efficiency. Commitment to work, resource management efficiency, standard compliance, customer service quality, and good corporate governance should be set as standard criteria for evaluation. There must be proper human selection and development systems that can ensure that competent personnel are selected. The employees' quality of work must be regularly audited so that quality service is delivered and customers are well taken care of.

In conclusion, for the bank to gain a competitive advantage in this highly-competitive industry, management commitment to human transformation is vital to have a strong impact on the bank's operations domestically, regionally, and

globally. It is the key factor to prove if the bank is strong enough to survive and sustain its growth in the future. Historically, there have been many Thai Banks that had to close down due to recession, competition, and a dynamic changing business environment. Hence, HR transformation strategy is important to help the bank to survive under the present competitive environment. It is essential that the bank's staff be well equipped with knowledge, skills, and positive attitudes for the bank's sustainable growth. Management should use proactive measures to manage the staff of the future in accordance with key success factors. This is the long-term strategy. Attention should be paid especially to careful selection of employee, clear succession plans, and regular training for human development. There should be constant on-the-job training programs. The staff should love to work in teams. All stakeholders should work cooperatively to achieve the results planned, receive sustained returns, and bring about required benefits.

5.2 Discussions and Research Contributions

From the present study on the HR transformation and competitive advantage of Krungthai Bank, there are facts to be discussed as follows.

5.2.1 Proper Organizational Culture Creation

In creating a proper organizational culture, the bank's products, services, and process efficiency must be lifted to a high standard. In addition, the bank should implement proactive strategies that attract foreigners from the AEC to use the services and prepare employees to be able to communicate in English and third languages and be adaptable to their various cultures. The bank's management should place priority on continuous development and synergy with strategic partners from both the AEC and non-AEC countries, as Rothwell (2005) proposed that organizations are business societies that are competitive by nature. Organizational culture, thus, directly relates to organizational success if managers establish cultural roles for individuals in the organization properly. Organizational managers need to depend on various strategies to make decisions in promoting organizational identity and need to adapt the organizational culture plan to changes. Krungthai Bank must be ready to transform and

overhaul its operations from being a bureaucracy to flexible, efficient, effective, and active operations. The bank should also prepare its management to be more internationalized, including having English competency, and third language and cross-culture comprehension. Top management should predetermine the bank's visions, missions, and core values and spread these across the organization through communications. Brockbank and Ulrich (2005) proposed that organizational culture is the internal organization factors or environment of an organization that includes leaders and staff that initiate or define organizational culture practices for others to follow and if it cannot solve the problems, new behavior or a new culture will be developed to reflect the commitment to the organization's core values and appeal to everyone in the organization.

5.2.2 Organizational Culture and Participation and Teamwork

In order to build a participative organization, regular training and organizational culture formulation that promote a sense of responsibility and empathy must be first established to make all of the staff truly committed and willingly to work. This agrees with Robbins' notion (2009), who suggested that organizational culture is a mechanism that informally controls people's behaviors, and this results in normative contexts, mutual understanding of codes of conduct, and can be considered the "personality" of the organization. Organizational culture then helps increase the staff's potential, which will result in organization and service, including individual responsible development. Organization culture mechanisms should include job problem solving. Transformation should be in the employees' DNA so that they will be motivated to keep operations improving all the time. This will help foster creativity and innovation. A participative and teamwork culture will help secure commitment and performance from employees, who feel bind and being recognized that will bring about bank's sustainable growth.

Since organizational culture can influence the bank's success, culture transformation should then promote appropriate behaviors, e. g. participation in creating customer relationships, honesty, sincerity and empathy, etc. Should the bank be able to spread this favorable culture across the bank, behaviors such as collaboration and having a teamwork spirit, decision-making based on facts,

innovation acceptance, and transformation emphasis will be explicit and bring success to the bank.

5.2.3 Financial Service Quality

In comparison with Singapore and Malaysia, the financial service quality between Thai and AEC members in the highly competitive regional financial market needs to be seriously transformed to be ready for the Free Trade AEC market. Krungthai Bank needs staff workers with new service knowledge, linguistic skills, communication skills, and professionalism for favorable transformation. This agrees with Zeithaml, Berry, and Parasuraman (1996), who proposed that good service means that customers can easily access services, the staff is ready and willingly to serve, and customers are treated professionally. Consequently, a systematic process that includes procedures, responsible functions, and a clear time frame for repeating jobs can help the bank achieve that. Proper service assessment will help improve processes and keep the momentum of improvement to reach international standards and customers' expectations at all times. Customers then can trust that the bank's financial services are of high quality.

Management should make sure that service quality is constantly retained and that the bank's staff is aware of customer satisfaction, which means prompt service access, proper behavior, and polite speech. In order to achieve this, the bank needs to transform its operational systems and procedures. As Benston and Kaufman (1995) proposed, improvement of service quality is essential in order to be an excellent organization that can compete well with competitors. Hawkins and Mothersbaugh (2010) also proposed that service should impress customers since customer service is a key parameter differentiating financial institutes. Krungthai Bank needs to improve both its quality and competitiveness. It should encourage the staff to learn so that they can be inspired to develop themselves and work to their full potential to meet the bank's visions, missions, objectives, and core values. In this way, the bank's performance will be outstanding and progress, and can be of value to the customers and stakeholders.

Bank management should make sure that the bank's business will be fruitful by setting proper visions, missions, and values that everyone in the bank is aware of.

They should also put strategic partnering into action. As Greenberg and Baron (2003) proposed, staff behaviors such as self-sacrifice and participation affect competitive advantage. These properties should be in Krungthai Bank's predetermined core values and be spread across the organization and be used to evaluate the individual staff member's performance. The results should be reflected in salaries, bonuses, job promotions, and the individual's development plans that are decided by the management. This relates to Argyris' idea (1990), that human resources are the main factors in achieving the results in organizational management because operational results that are effective and that meet predetermined objective all stem from human resources.

For the administration to be successful it requires work from the personnel and is a process of planning to control various business factors. Porter (1998) proposed that a competitive advantage makes efficiency better than that of one's opponents. It is what organizations and groups of staff members do exceptionally better or are more capable at than their opponents, especially in human resource management. These factors are related to the needs, moods, and feelings of people. Therefore, Krungthai Bank must manage the organization to support its staff to the degree of success that meets the bank's objectives. This is related to the idea of Pascale and Athos (1981), who suggested that building a company's competitive advantage is to manage limited resources to drive the company to its goals, and to be competitive and survive. Therefore, executives should study and understand internal behaviors and be able to control related factors in building good behaviors, all of which are very useful for management. In understanding each staff member's needs and the causal factors of their behavior, executives will be able to identify problems correctly and come up with proper solutions, for example, using incentives to encourage employees to be committed and dedicated to their work, managing work processes to match the nature of the individual, solving conflicts and supporting the staff to reach objectives, giving workers rewards, and so on.

Further, executives should associate with, get involved with, and interact with their staff in order to understand the work process and their ideas, the differences that arise, and internal politics. This can be used to create good cooperation and participation from all levels of the staff, and it will make everyone see the essence of

self-development and the best practices to meet the objectives. Therefore, executives should focus on human resource management, and HR teams are responsible for human resource planning, including recruiting, selecting, appointing, training, evaluating, and retention, and should converse and conference with other bank's departments in order to improve human resource quality to be more efficient and effective, to increase values, and to decrease risks or any negative effects.

For the human resource management of Krungthai Bank to achieve its visions and missions, Krungthai Bank should lay a plan to help obtain suitable staff constantly at a sufficient number because Krungthai Bank's business is service, which requires numerous individuals that have a variety of qualifications so that they can serve various groups of customers for a variety of missions. This is related to Smallwood and Norman's notion (2007), where it was suggested that the principle of good service is related to fulfilling the customers' needs and satisfying them. Moreover, people with diverse skills and capacities must be managed in order to constantly serve customers with quality. This is important in the increasing competitive environment where every organization needs to manage its human resources properly and appropriately, and this includes driving Krungthai Bank to be successful and to sustainably grow internationally.

Nowadays, Krungthai Bank is focusing on running its service as a private sector, which increases its efficiency. It is the use of private principles in public or state-owned enterprises, for example, encouraging the staff to smile when it greets customers, reducing work flow and complications, focusing on customers' requirements, getting rid of bureaucracy, and promoting teamwork and being more flexible. These are all different from the ordinary bureaucratic system, in which the staff lacks motivation, receives a low income, and is interfered with by politics. Daft (2002) suggested in this connection that efficacy is an indicator of the success of a company in achieving goals, such as the satisfaction of stakeholders. This is also related to the ideas of West and Dawson (2012), who suggested that the company should control the attitudes and behaviors within the organizational culture in order to retain the good behaviors of the staff through goal setting and incentives according to the results needed, such as increased sales, making a greater profit, decreasing costs, etc.

The discussion above illustrates that Krungthai Bank's external environment, including the aspects of economics, society, and culture, both domestically and internationally, has continued to change. Globalization has affected the internal factors and human resource management of Krungthai Bank. As a result, it needs to amend its policies and working processes. In this regard, Ulrich et al. (2009) suggested a way to manage and operate HR in accordance with internal changes according to four roles: as a strategic partner, administrative expert, change agent, and as an employee champion.

In addition, in executing the HR transformation policy of Krungthai Bank's not only that it responds well to the environment change but also related to Ulrich et al. (2009) work that saw it as an integration with the organization's strategy by using the innovation of human resource management. It is the new HR management that is helping the bank to deliver good service to customers, investors, the staff, and all stakeholders according to its vision of "KTB GROWING TOGETHER." This vision is to take care of and empower the staff to support the bank's growth, the customers' wealth, environmental and social standards, and also sustainable and good returns for the stakeholders.

Furthermore, in executing the HR transformation of Krungthai Bank to gain a competitive advantage is in line with another idea of Ulrich et al. (2009), who discussed steps in developing new HR roles as follows: 1) to determine business issues by asking the question "why?" Why do we need to do HR transformation? The answer is to fulfill diverse stakeholders' needs; 2) to specify the outcome of HR transformation; 3) to design a new HR management system, such as adjusting the organization's structure and setting up a human relations department 1 & 2 to support and respond to various business operations; and 4) to assign responsibility to various HR management functions to which the bank gives importance by appointing a People Management Committee or a PMC, and decentralizing HR management among various departments, and the HR department will act as a facilitator and cooperate in workforce planning, qualifications specifications, and recruitment process setting; and one of the most important issues, successor creation to replace all retirements. HR also will plan for staff development, which is called the individual development program.

From the aforementioned, the effective HR transformation and competitive advantage of Krungthai Bank will benefit the bank and other organizations that apply it. However, in order to apply it, one should take into account predetermined objectives and goals relevant to the situations in order to gain the most effective results at present and in the future, and to be of value to the society and the country.

5.2.4 HR Transformation can Lead to Organization's Effectiveness

Brockway (2007) stated that HR transformation should begin with clear organizational goals and then define them in the organization subsystem. The goals must be translated into strategies as exhibited in his model. To improve organizational competitiveness, it requires compact structure with competent and talented employees who can adapt to change which is inevitable in 2016 when economy system is liberalized by AEC.

To rate the organization competency, the key element is its adaptability to change. The adaptability is measured by the readiness of human resources to foresee the coming crisis and turn them into opportunities for business to capitalize on. This is essential for an organization to truly reap the benefits of change according to "Change S Curve" model.

AEC is the main driving force of change. It requires an organization to be more competitive to keep up with their rivals in the industry from other countries in the region. 6 key empirical identifications are required of their employees to make organization to be competitive as followings, (Krungthai Bank, 2016a)

- 1) Global competency: This quality requires employees to be able to work in cross-cultural environment. They need to be able to communicate in languages other than their local language e.g. English or other ASEAN's Language. The business collaboration will be much easier when people from different countries communicate in the same language. In addition to the language, the information technology skill is also vital in collaboration across the region since it enable all employees to work from different locations and less rely on presentation of any particular employees. This creates flexibility in work that is not limited by time and place anymore. Last but not least, employees must also be cultivated to work with

people with different background or belief or with age differences in order to be ready to work abroad when needed.

2) Business acumen: It is essential that employees possess well-rounded business knowledge and work proficiency in order to cope with future challenge. They must be able to align their work function with company strategy. They should understand the company business, and work towards the same goals and objectives of the management's.

3) Speed learning: Many companies believe training and development on functions and procedures are reliable measures for an ideal set of behaviors and traits needed for any particular role. Others believe more in on-the-job training, and years of experience. Others might argue that personal characteristics hold the key to effective work behavior. However, those knowledge, skills, judgment, and attributes do not guarantee that the employees would perform a job effectively. By having a defined set of competencies for each role in the business, it would better show workers the kind of behaviors the organization values, and which it requires to help achieve its objectives. Not only can the team members work more effectively and achieve their potential, but there are many business benefits to be achieved from linking personal performance with corporate goals and values. Moreover, to create continuous learning culture, the company should employ tools that will encourage and provide flexibility to the employees to learn at their discretion. Some of those tools are e-Learning, learning passport website and coaching.

4) Talent management: This is the significant quality for a company to prepare itself for the AEC liberalization. Krungthai Bank should transform itself to be a "bank of talents" or a bank with talented employees which will result in more talents joining the bank adding more value to the bank. Bank should provide opportunities to grow and learn, and let the employees know there is room for advancement in the company. Provide tuition for continuing education classes. Give challenging and stimulating work. Let them know what career development plans a company may have for them and what opportunities are available for them to grow with the company. The organization should value the development, and retention of highly skilled employees as they are the key performance indicators.

5) Cost efficient human resource management: In highly competitive industry in AEC economy, an organization should be careful with HR cost and should get the best value from its investment and need to take this into account when planning strategic direction. It should deploy sophisticated analytics capabilities and embrace insight information of their employees' competency.

6) Sense of urgency: Employees should be well aware of the change needed to keep competitive in the AEC economy. The urgency is important because meaningful organizational transformation cannot occur without the cooperation of the affected stakeholders who must understand why change is no longer optional. Employees should be fully informed and understand the opportunities arise because of AEC trade liberalization. In such case then they will be ready to embrace work system and process change and adapt their attitude and capacity accordingly. Communication should be exercise through various channels to provide adequate coverage and constant reminders of the need to change so that employees are determined and enthusiastic to progress in the same direction as the organization. Emphasis should be given to the development of human resource management program that is a motivation tool to drive the organization, for an example operation, compensation, reward and appraisal, and career path etc.

In conclusion, to seriously prepare the employees for the intense competition and upcoming challenges from AEC liberalization, a special taskforce HR team must be formed with endeavors to manage major organizational changes and transformations in the form of programs, comprising multiple projects across the organization. Alternatively, the company may outsource this function to the more experienced consultants whether it be competency modelling, training and development program and job analysis etc. The competency measures should be aligned with company goals and strategic directions so that employees be highly adaptable and modify their behavior to perform effectively amidst continuous change.

5.2.5 KTB' HR Transformation can Lead to Human Resource Competency

The mean value of various factors that is essential for Bank to be successful are compared and summarized below.

Table 5.2 Mean Value Comparison between Studied Factors

Table	Factors	Mean	Rank
4.7	Organizational culture	3.86	5
4.13	Service quality	3.88	3
4.18	Human resource management and development	3.91	2
4.24	Competitive advantage	3.88	3
4.27	HR transformation to create a competitive advantage	3.92	1

The results show that HR transformation to create a competitive advantage factor has the highest mean value of 3.92 while Human resource management and development factor is ranked second with the mean value of 3.91. However, if we investigate the HR transformation to create a competitive advantage factor in detail, the organization's effectiveness was the most important composition (see table 4.27). On the other hand, for Human resource management and development factor, the retention parameter was the most important (see table 4.18).

To achieve organization's effectiveness, the researcher reveals that every factor is of high value which is corresponding to "human resource competency" measure. Worldwide organizations are facing lot of challenges, which influence the organization performance survival and existence, the growing global competition and the rate of business environment advancement foresee a continuing need for change. HR management need to improve and adapt themselves to meet and respond with "outside-in". HR need to innovate, integrate, lead change and build the organization's capability with awareness of business context and external factor. (Ulrich et. al., 2012)

In 2012, D. Ulrich and others proposed 6 competencies in which HR leader needed such as 1) Strategic positioner 2) Credible activist 3) Capability builder 4) Change champion 5) Human resource innovator and integrator and 6) Technology proponent (Ulrich et al., 2013, as cite in Bhaduri, 2013).

In addition, in 2017 the RBL Group initiated the 2017 HR competency study. The result created and generated new insight HR competencies shown in Figure 5.2 which emphasized that every HR competencies were important for organization's performance and HR. The details can be summarized as following:

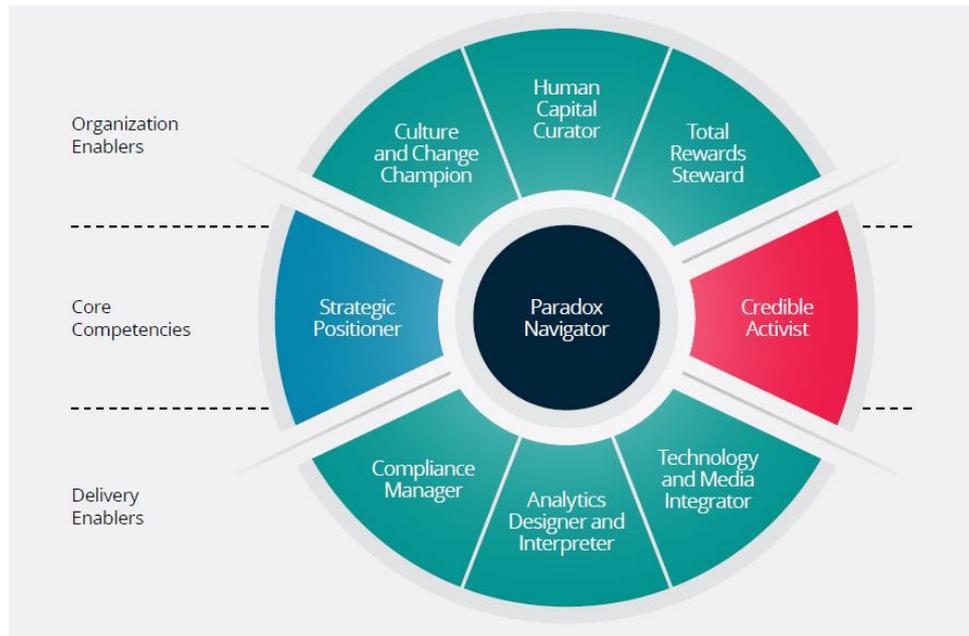


Figure 5.2 HR Competency Model

Source: Woodhouse (2017).

Firstly, they are the three core driving competencies were 1) Strategic positioner: ability to position a business to win in the competitive market, 2) Credible activist: ability to build relationships of trust by being proactive, 3) Paradox navigator: ability to manage from both top down and bottom up, the short and long-term tension inherent in business.

Secondly, they also recognized three domains of HR professional that were organization enablers which will deliver strategic value. They are 1) Culture and change champion: ability to make change that arise and at the same time to foster organization culture, 2) Human capital curator: ability to manage the employee outflow and talents by investing in training and development of talents and leaders to

drive their performance and build technical quality, 3) Total reward steward: ability to manage employee wellbeing with financial and non-financial reward.

Last but not least, they found three other delivery enablers focused on tactical and foundation element. They are 1) Technology and media integrator: ability to use technology and social media to create high performance company, 2) Analytics designer and interpreter: ability to interpret analytical information to improve decision making, and 3) Compliance manager: ability to manage the processes in compliance with regulation. (Ulrich, 2016, as cited in Woodhouse, 2017)

For the retention research result, one of the popular measures to retain human resources in organization is “talent management”. Talent means personnel with high performance and high potential which are important resources for high performing organization to be sustainable and achieve its goal in rapid changing environment. Hence organization should employ tools in order to encourage talent employees to corporate with the company. This tool is called the “talent management system” which is similar to Schweyer (2010) proposed that talent management system is analysis and planning process in order to balance among sourcing, screening, selection, deployment, development and also retention of human resource who has high performance and high potential. Krungthai Bank also initiated two projects, “KTB talent” and “KTB high potential employee” which received positive response from internal employees. Most of the employees were interested and enthusiastic to participate in the project because it was interesting with fast track incentive and created new experience.

5.3 Recommendations

5.3.1 Recommendations from the Research Findings

1) The research revealed that there should be human resource planning for the number of personnel needed to be appointed in order to reach predetermined goals efficiently since it is essential to fulfill service missions, and there should be training and development to constantly improve competency.

2) The research also revealed that personnel skill development should be constantly adapted in order to achieve maximum efficiency in collaboration, cooperation, and connection with various departmental roles.

3) The research further revealed that there should be follow-ups and staff competency empowerment evaluations that focus on results that can be performed exceptionally or that are distinct from opponents in order to create exceptional performance in the future.

4) The research revealed that selection should give opportunity to grow in one's own field of expertise by recruiting from within the organization first in order to promote morale and then from outside to find the most suitable personnel that can deliver distinctive outputs.

5) The research revealed additionally that selection should first consider loyal employees that are strategically groomed with beliefs, core values, and that are able to be passed on to the next generation in terms of attitudes, skills, ways of thought, and new perspectives in order to be able to transform operations to be more efficient and effective.

6) The research revealed that in order to gain maximum benefits, the company should promote the enrichment of the staff's knowledge and experience in order to reach goals and objectives, and training or further education should be provided to improve knowledge and skills to match current international changing situations for the company to be internationalized.

7) The research revealed that top management should predetermine missions, visions, values, and spread them across the organization for implementation in order to reflect their commitment to corporate core values and to share the professional ideals with all staff members so that benefits will be delivered to Krungthai Bank's stakeholders.

8) The research revealed that management strategies should be transformed in order to increase operational efficiency standards in so as to imprint the staff with new values and beliefs derived from Krungthai Bank's goals and missions.

9) The research further revealed that in order to increase Krungthai Bank's competitive advantage and standards, the bank should initiate and promote human resource management strategies to encourage the staff to be financial and banking professionals.

10) The research revealed that it is nowadays necessary to serve more foreigners, and therefore English skills and third language and internal culture comprehension are vital for the staff's development in order to satisfy and impress the customers at all times.

11) The research also revealed that management should amend its strategies to be more efficient and for better standards and to be prepared to adapt its processes and behavioral strategies to suit contemporary globalization and to pass these on for smooth operations.

5.3.2 Recommendations for Future Research

1) It is recommended that operational research on outstanding issues of HR transformation implementation be performed in the future to increase the competitive advantage of Krungthai Bank.

2) It is recommended that the next research use MANOVA analysis and other research techniques, e.g. a structural equation model in order to obtain more diverse knowledge.

3) It is recommended that the next research be conducted with other financial institutes to compare their strengths, weaknesses, advantages, disadvantages, and successes with those of Krungthai Bank.

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APPENDICES

APPENDIX A
LIST OF KEY INFORMANTS

No.	Name	Position	Workplace
1.	General Sommai Kaotira	Chiefs of Defence Forces	Royal Thai Armed Forces Headquarters
2.	Rear Admiral Komsan Ratana	Expert of Royal Thai Armed Forces Headquarters	Royal Thai Navy
3.	Mr. Vorapak Tanyawong	the President and Executive Director	Krung Thai Bank
4.	Ms. Mayurasiri Pongtharanon	Senior Executive Vice President and Managing Director of Human Resources and Corporate Governance Group	Krung Thai Bank
5.	Dr. Vites Techangam	the Senior Executive Vice President and Managing Director of Technology Group	Krung Thai Bank
6.	Mr. Songpol Chevapanyaraj	the Senior Executive Vice President and Managing Director of Global Transaction Banking Group	Krung Thai Bank
7.	Mr. Cherdchai Chompunukul	the Senior Executive Vice President and Managing Director of Retail Business Group	Krung Thai Bank

No.	Name	Position	Workplace
8.	Mr. Suchart Dejittirut	Senior Executive Vice President and Managing Director of Compliance and Legal Management Group	Krung Thai Bank
9.	Ms. Amara Krubpratum	Executive Vice President of System Development	Krung Thai Bank
10.	Mr. Chaianun Siravanichkan	Former Senior Executive Vice President and Managing Director of Human Resources and Corporate Governance Group	Krung Thai Bank
111	Mr. Gridsn Nuengsigkapien	Executive Vice President of Cash Management	Krung Thai Bank
12.	Ms. Ratana Ratana	First Senior President of Card and Merchant Management The President of ATM Services Business Club	Krung Thai Bank
13.	Dr. Wiwat Rittima	Lecturer of Development and Management College	Thaksin University
14.	Miss Chuthatip Pradipatruemol	Lecturer of Public Administration Program	Pibulsongkram Rajabhat University
15.	Mr. Poolarb Kanta	Lecturer in Faculty of Law	Naresuan University
16.	Mr. Thanasak Sungsi	Deputy Vice President, Human Resource Department	Industrial and Commercial Bank of China (ICBC)

No.	Name	Position	Workplace
17.	Mr. Natnaphong Tararattanakarn	Human Resource Development Department	Bank for Agriculture and Agricultural Cooperatives
18.	Mr. Chattri Anunrojwong	Director	Liberty Co.Ltd.
19.	Mr. Montree Jirasirisuk	Marketing Manager	Thai-Aust Aluminium Co.Ltd.
20.	Ms. Rapeepun Seangho	Assistant Vice President E-Trading	Globlex Securities Co. Ltd.

APPENDIX B

SYMBOLS AND INDICATORS

The symbols used in the analysis and presentation of research results are shown as follows:

Table B1 Symbols Representing Statistical Values

Symbols	Definition
Mean	Arithmetic average
S.D.	Standard deviation
Max	Maximum value
Min	Minimum value
Sk	Skewness
Ku	Kurtosis
χ^2	Chi-square statistic
df	degree of freedom
p	Level of statistical significance
χ^2/df	Chi-square per degree of freedom
GFI	goodness of fit index
AGFI	adjusted goodness of fit index
CFI	Comparative fit index
RMR	root mean squared residual
RMSEA	root mean square of error approximation
CN	Critical number
b	Factor loading
t	t value
SE	standard error
R^2	coefficient of determination

Symbols used in the structural equation model are in Table 4.2

Table B2 Symbols in the Structural Equation Model

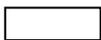
Symbol	Definition
	Latent variable
	Observed variable
e	error in observed variables
	Coefficients from regressing cause variables on effect variables
	Relationships among errors of observed variables

Table B3 Symbols of Factors and Indicators

Symbol	Definition
Cul	Organizational culture factor
Cul1_item1	1. Work behaviors of individual employees and work teams are appropriate for Krungthai Bank
Cul1_item2	2. Organizational culture serves as a scheme for the development of environment that fosters internal cooperation
Cul1_item3	3. There is a system for providing incentives and encouragement for all employees to participate in the work
Cul1_item4	4. Employees rely on cooperation for support and encouragement in carrying out work duties
Cul1_item5	5. Participative organizational culture is capable of enhancing the quality of Krungthai Bank for more efficient work outcomes

Symbol	Definition
Cul1_item6	6. ASEAN cultures are welcomed, such as by communicating (listen, speaking, reading, and writing) in English and in languages of ASEAN countries
Cul2_item1	1. Employees have behaviors and work processes that have been passed on so that operations are smooth and effective at Krungthai Bank
Cul2_item2	2. Leaders of Krungthai Bank are variables that are permanently significant and influential to employees in promoting effectiveness in operation
Cul2_item3	3. There is a chain of command according to work regulation (official work procedure/ regulation) or organizational structure
Cul2_item4	4. Employees must obey orders, be controlled by rules, and be officially appointed
Cul2_item5	5. The transformation of organizational culture to promote internationalism and enhance efficiency and effectiveness in Bureaucracy
Cul3_item1	1. Employees have traits that accept risks, Figure creativity, and focus on the outcomes of the work.
Cul3_item2	2. Top management provides appropriate pressure, stimulation, and support of challenging assignments and of the willingness to take risks among employees
Cul3_item3	3. Organizational culture is refined so that employees have new values and beliefs regarding the goals and missions of Krungthai Bank.
Cul3_item4	4. Create cultures that develop employees' potential, which are crucial and influential to effective operation
Cul4_item1	1. Employees have values, interests, and beliefs that agree with and suit the goals and missions of Krungthai Bank

Symbol	Definition
Cul4_item2	2. Employees have ideals to work professionally in creating value for stakeholders of Krungthai Bank
Cul4_item3	3. Krungthai Bank has a culture of providing excellent financial services
Cul4_item4	4. Employees work competitively with the belief that everyone is a competitor and are determined to win
Cul4_item5	5. Create organizational culture that attracts foreigners, immigrant workers, expats, and tourists to use the service, and develop employees to Figure behaviors that are appropriate for providing international services
	Service quality factor
Ser1_item1	1. Space inside the building is vast and adequate for waiting to receive the service. There are enough amenities for waiting customers such as chairs and newspapers
Ser1_item2	2. The interior and exterior of the buildings are neat, clean, and pleasant
Ser1_item3	3. The location is convenient to service users and there are enough parking spaces for service users
Ser1_item4	4. The number of service counters is adequate and there are signs that label the areas clearly and adequately
Ser2_item1	1. Employees are capable of ensuring reliability, building assurance, and fully accessing the customers
Ser2_item2	2. Employees are encouraged to develop knowledge and skills appropriately
Ser2_item3	3. Employees understand the expectations of customers and maintain customer confidentiality well
Ser2_item4	4. Provide accurate and complete services without mistakes
Ser3_item1	1. Employees offer advice to customers about the service regularly

Symbol	Definition
Ser3_item2	2. Every employee is enthusiastic and responsive to the needs of the service users. Thus, employees perform the service promptly
Ser3_item3	3. Employees have knowledge, abilities, and proficiency so that the service users do not have to wait for unreasonable length of time
Ser3_item4	4. Employees have good manners, communicate with courtesy, and provide opportunities for inquiries about all the services of the bank
Ser4_item1	1. Service is developed to be widely recognized and the attention is continuous
Ser4_item2	2. Organization develops employees to have moral and ethics
Ser4_item3	3. Top management develops quality visions and policies aimed at global standards
Ser4_item4	4. Employees are constantly prepared to solve the customers' problems whenever there are errors
Ser4_item5	5. Employees are capable of providing clear explanations to customers
Ser5_item1	1. The service to customers emphasizes on satisfaction
Ser5_item2	2. Every employee Figures good personality and courteousness. Employees are gentle towards the customers and welcome them appropriately.
Ser5_item3	3. There is development in the quality of the system by using innovative technology to add value to service recipients
Ser5_item4	4. Employees respect, pay attention to, and value customers
Human resource management and development factor	
Del	
Del1_item1	1. There is human resources planning to identify future human resources needs in order to manage changes efficiently

Symbol	Definition
Del1 _item2	2. There is human resources planning to identify future needs for Krungthai Bank to achieve established goals
Del1 _item3	3. There is planning regarding qualities and skills of human resources which must adapt to suit Krungthai Bank in the future
Del1 _item4	4. Development of human resources potentials is being monitored and evaluated to prepare Krungthai Bank for the future
Del1 _item5	5. There is planning regarding the needs of the human resources as a foundation for promoting progress towards higher positions
Del2 _item1	1. There is internal recruitment of employees within Krungthai Bank to offer them opportunities to grow in their fields and to generate good morale
Del2 _item2	2. There is recruitment of suitable individuals capable of producing outstanding outcomes
Del2 _item3	3. There is recruitment of new employees that result in changes that increase the effectiveness and efficiency of the services at Krungthai Bank
Del2 _item4	4. There is a system for recruiting and selecting employees with innovative attitudes, skills, experience, views, and perspectives.
Del2 _item5	5. There is recruitment of candidates suitable for the work positions in education, experience, and capabilities
Del3 _item1	1. Employees are encouraged to build upon accumulated knowledge and experience to develop expertise for the achievement of objectives and goals of Krungthai Bank
Del3 _item2	2. There are training and continuing education to increase knowledge, skills, and experience for personal development of employees to achieve the goals of all related parties

Symbol	Definition
Del3_item3	3. There is improvement to the operation process to enhance the capabilities of employees and Krungthai Bank
Del3_item4	4. There is improvement to the work process of individual employees that result in Krungthai Bank being more efficient in order to reach the established objectives
Del3_item5	5. There is continuous development of employees to keep up-to-date with changes and in the achievement of goals according to Krungthai Bank's plan
Del4_item1	1. There is development for individual growth that agrees with that individual's interests and needs
Del4_item2	2. The work procedures focus on building experience and on assigning tasks that allow employees to demonstrate their full capabilities
Del4_item3	3. Employees are able to transfer to other departments that suit their aptitude or that allow them to make significant contribution for the ultimate benefit of Krungthai Bank
Del4_item4	4. There are good compensation and welfare benefits that meet the needs of everyone to promote better quality of life
Del4_item5	5. Employees are supported for career advancement and receive approval for assigned work which gives them pride
Competitive advantage factor	
Com	
Com1_item1	1. Krungthai Bank has existings plans that lead to the allocation of limited resources that will drive the organization to achieve established goals.
Com1_item2	2. Krungthai Bank has implementation work that will lead to the allocation of limited resources that will drive the organization to achieve established goals
Com1_item3	3. Krungthai Bank's operation has sustainable profits to promote progress and stability

Symbol	Definition
Com1_item4	4. Krungthai Bank aims to operate in accordance with the needs of the customers in order to provide services that offer satisfaction and pleasure for recipients
Com2_item1	1. Krungthai Bank has structure that emphasizes the quality of the services to prevent errors so that all employees complete their assigned work.
Com2_item2	2. Krungthai Bank has a decentralized structure and places importance on both the line functions and support functions
Com2_item3	3. Krungthai Bank has management structure that continually adapts to prevent the dissolution of the organization in long-term
Com3_item1	1. Krungthai Bank has both formal and informal work procedures to increase the effectiveness of work Krungthai Bank
Com3_item2	2. There are continuous improvements and adjustments to all the systems in Krungthai Bank to generate maximum effectiveness that results in progress and growth
Com3_item3	3. There is a system for selecting employees that are suitable for Krungthai Bank, particularly the selection of executives whom are developed from within the organization.
Com4_item1	1. Krungthai Bank has a management style that emphasizes effective and efficient results
Com4_item2	2. All parties have independence in their work and have the feeling of ownership towards Krungthai Bank
Com4_item3	3. Krungthai Bank is employee-centric and values the employees as the most important assets
Com5_item1	1. Krungthai Bank has an ultimate goal that stimulates and induces the feeling of appreciation among employees and that connects the people with the objectives

Symbol	Definition
Com5_item2	2. Krungthai Bank values ideology more than profits in order to change the approach to generate progress
Com5_item3	3. There is participative management in teamwork that is an interconnected network that leads to the same mission
	HR Transformation to create a competitive advantage factor
HR	
HR1_item1	1. The location and the environment of the bank are suitable, clean, and spacious, and the materials and supplies are modern
HR1_item2	2. Employees are able to provide service in accordance with the established rules of the bank in an accurate manner, and the number of employees is adequate for serving customers
HR1_item3	3. Employees are able to provide knowledge, information, and news about the services of the bank accurately
HR1_item4	4. Employees pay attention to and take care of customers sincerely, which makes the customers feel valued
HR2_item1	1. Krungthai Bank has plans for allocating limited resources to drive the organization to achieve established goals
HR2_item2	2. The management style emphasizes effective and efficient results
HR2_item3	3. There are employees that are specialized in providing services or that have outstanding capabilities that create distinction from competitors consistently
HR2_item4	4. There is preparation in every aspect for the efficient operation and conduct of activities within ASEAN Economic Community

BIOGRAPHY

NAME

Acting Sub.Lt. Rakchart Chaemchan

ACADEMIC BACKGROUND

Master of Public and Private Management with Honours, National Institute of Development Administration, Thailand (2011).

Bachelor of Liberal Art (Russian Studies) with First Class Honours, Thammasat University, Thailand (2008).

Bachelor of Political Science, Ramkhamhaeng University, Thailand (2008).

REWARD & SCHOLARSHIP

Scholarship of Doctoral Degree in Development Administration, National Institute of Development Administration (2012)

Full Scholarship of Master Degree in Public and Private Management, National Institute of Development Administration (2009)

Scholarship of Faculty of Liberal Art, Thammasat University (2006, 2007)

Scholarship of Russian Studies Program, Thammasat University (2006, 2007)

Scholarship of Princess Galyani Vadhana, Thammasat University (2006, 2007)

PRESENT POSITION

Assistant Vice President with CEO Circle of Excellence Award 2016, Payment Solution Team, Krungthai Bank Plc.

EXPERIENCE

Policy and Plan Analyst,
Planning Division, National Institute of Development Administration (2013)
Research Assistant, Center of Philanthropy and Civil Society, National Institute of Development Administration (2011)