COMPENSATION DETERMINATION FACTORS FOR THE EXECUTIVE PERSONNEL GROUPS OF STATE ENTERPRISES IN THAILAND: A CASE STUDY OF GROUP A STATE ENTERPRISES IN THAILAND

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ABSTRACT

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Author	Gornkrit Sakronsatian
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This research aims to find personal characteristic factors of the executive personnel groups (EPGs), by considering the characteristics of an organization, which leads to different compensation determination. The researcher also adds political relationship factor into consideration. The researcher uses the mixed-method research by in-depth interviews with 25 personnel who involve with the compensation determination process of the target group. Questionnaires were used to collect information from 347 employees in state enterprises from level 5 or assistant director level of a department onward. The result shows that 1) State enterprise A is in an industry with a low number of competitors. The form of this industry is considered to be concentrated. The environment of competitiveness for this industry consists of only a handful of big players. At the same time, State enterprise B is in a monopolized business. It is difficult for a new player to enter the market and be competitive with both state enterprises. 2) Accessibility to resources ($b = -.327$), determined compensation from other players in the market ($b = .224$), management experience ($b = .224$), and ability to create changes ($b = .135$), are the factors that determine compensation differences of the EPGs in State enterprise A. All variables have 30% of predictive efficacy (Adjusted $R^2 = .300$). While executive board ($b = -.296$), determined compensation from other players in the market ($b = -.292$), management experience ($b = -.249$), and ability to create changes ($b = .216$), are the factors that determine compensation differences of the EPGs in State enterprise B. All variables have 28% of predictive efficacy (Adjusted $R^2 = .280$). 3) Political relationship factors are more influential in recruitment than determined compensation for the EPGs.

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CHAPTER 1

INTRODUCTION

1.1 Background and Importance of the Issue

Compensation management has evolved according to the formation's changes in organizational management. Since 1950, tools and criteria being applied to the compensation management system within an organization have evolved rapidly due to the modern direction of organizational management. In the past, compensation payment consisted of 3 criteria, 1) the payment must be fair within the organization 2) the payment must be competitive with other organizations 3) the payment must be able to attract employees to perform at full potential. Later, a new criterion was added, 4) It must be easily managed. However, it is very difficult to meet all the criteria. Therefore, the payment criteria of an organization henceforth emphasized the ability to compete with outside competitors. In other words, the payment is made according to the market of their industry (Risher, 1995)

The evolution of compensation began to change during 1950 - 1960. During that time, competition in business was not very drastic. As a result, businesses were gradually changed each year. During the time, the production focused more on economical size and emphasized the working value assessment in different production activities within the organization. The criterion of payment, therefore, focused on the need for fairness within the organization.

Until the beginning of 1970 - 1980, the fashion of competition began to change more rapidly. The character of competition started to focus on creating efficiency and efficacy on the production so that the product became competitive in terms of price and quality. During that time, personnel capability began to matter and had an influence on the compensation payment of the employee. Thus, the form of compensation payment during this period must consider the ability to compete with the outside market to

prevent the usurpation of human resources by compensation solicitation. Hence, the marketing survey for compensation payments within the industry began.

The 1990s, marked the start of a more severe competitive era. Human labor began to be substituted by machines. Companies began to use the computerized system. Big businesses began to adjust their strategy by reducing the number of employees with more emphasis on skill and capability of personnel throughout the organization. These changes affected the determination of compensation in the period. Broad banding method was used for the determination of compensation and compensation was defined from the skill and capability differences of each employee. Besides, the incentive payment system, considering personal working performance, gained more popularity. During this period apart from considering the criteria of alignment and competitiveness with the outside market, the determination also considered personnel value within the labor market.

Table 1.1 Evolution of the Compensation System in the Past Half-Century

Component	The 50s – 60s	The 70s–80s	The 90s–00s
Business status	Little change in each year	Some change in each year	Constantly change
Tools being used	Specific work assessment system + limited information for compensation payment	Broad banding work assessment system + compensation payment information	More diverse assessment framework, eg. skill and capability assessment + detailed compensation payment information
Criteria	Fairness within the organization	Fairness within the organization and fairness outside the organization	Fairness within the organization and personal accomplishment + personal value in the market
Compensational drive	Payment range according to the work	Increase attraction in personal level tied to working performance	Skill, knowledge, and capability of each person

Source: Senasu (2017)

During intense competition and rapid changes in business competition, each organization has a need to adapt and evolve to be ready for occurring competitive situations. It is undeniable that human resources are considered an important component in modern times. Various organizations choose to invest in human resources within their own organization to develop their "Human Capital" in the future through human resources strategy and system. It is accepted that human resources are the crucial key to drive the organization toward excellence. Therefore, organizations that need to succeed in the long run have to develop effective strategies on human resources management in order to attract, retain and motivate employees in the organization so that they are ready to work at their full potential and hence achieve the goals of the organization.

The executive group is regarded as a group with important roles in creating efficacy in leading the organization toward the set goals. Apart from the executive's roles and responsibilities in management aspects, for an organization with an executive governance committee, it also needs to manage relationships and benefits that might occur with stakeholders. Therefore, the recruitment and selection of executives group must consider the characteristic criteria of those who are in the position. The compensation management for the executive group must be considered in accordance with their characteristics.

The compensation management of current state-owned enterprises, is considered from the level of the group each state enterprise classified into. Currently, state enterprises in Thailand can be classified into 3 groups which are Group A, Group B, and Group C. The group in which state enterprises will be ranked is considered from the scores of various organizational management evaluations using the State Enterprise Performance Appraisal System (SEPA) and the State Enterprise Policy Office (SEPO) is the organization that conducts the assessment. The evaluations are divided into 5 subjects. These subjects are selected from the main procedure in the organization's operation which is principal and important in the organization management, including 1) Roles of the State Enterprise Committee, 2) Risk Management, 3) Internal Control and Audit, 4) Information Management and, 5) Human Resources Management. The scoring system is set to 4 out of 5. For state-owned enterprises that are classified in Group A, all assessment scores must be 4 out of 5 or more in all subjects. For Group B state-owned enterprises, they can be divided into BA meaning a state-owned enterprise that has 3.75 out of 5 or more overall

assessment scores in organization management for item 3 in a period of 3 years. The state enterprises in the BB group is a state enterprise which has 3.00 - 3.74 from 5 of organization management assessment scores in item 3 for a period of 3 consecutive years. And Group C state enterprises are a group that received scores of below 3.00 from 5 in organizational management assessments in item 3. Being in a different state enterprise group means having differences in freedom of organizational administration especially the freedom in compensation management. For state enterprises that are classified in Group A, they will be able to manage compensation independently. They can determine the compensation structure and benefits on their own. But it must be approved by the committee or board of the state enterprise. In general, the structure and benefits are determined from the industrial norm. While state-owned enterprises in groups B and C use 58-step salary structures. Consideration for wage and benefit scope extension must be proposed through the State Enterprise Policy Committee (SEPC) on a case-by-case basis (Announcement of the State Enterprise Policy Office Regarding the adjustment of wages of state enterprise employees, 2007). For the determination, the scores from the state enterprise quality assessment system will be taken into consideration. The Executive group of each state enterprise is considered as an important group that has an important role in driving the organization. The effective compensation management for the executive group tends to enable the executive group to drive the state-owned enterprises more efficiently and be able to create differences between each state-owned enterprise, including motivating employees in the organization to work efficiently and effectively.

The determination of compensation for the executive group uses different criteria than the general employee group in the process. The qualification of the executive group is used as factors to determine the compensation under different components of each organizational context (Finkelstein, Hambrick, & Cannella, 2009), for example, size of the organization, organizational complexity, and industrial qualification including the difference in employee qualification, etc. For the determination of the difference in employee qualification, it is done through principles and theories such as the resource-dependent theorem (Pfeffer & Salancik, 1978). This theory states that the ability to manage and access resources is necessary for an organization to survive and gain a distinct advantage in the competition of its executives. This must be done through the

components of individual human capital such as social capital. The theory of human capital of executives (Haynes & Hillman, 2010) considers the qualification of the human capital of a person such as expertise in the industry where the organization is competing, management experience, reputation, knowledge, and skill, etc. The term "human capital" means having multiple talents in a person either innate or through the accumulation of knowledge. Each person was born with specific genes which will be an indicator of talents. These characteristics are valuable attributes that will increase with appropriate investment (Schultz, 1961). Human capital is a mixture of social capital, emotional capital and intellectual capital (Vechayanont, 2008).

For state-owned enterprises, they generally mean organizations, business entities, legalized companies or partnerships owned by a state or more than half of total capital of a company or partnership belong to the state (National economic development council act of 1959, 1959; Standard qualifications act for directors and state enterprise employees act of 1975, 1975). It can be said that they are organizations that relate to state power and working mechanisms of the government. This influences the qualification consideration of employees in executive positions and the dimension of political ties will be additionally included. This corresponds to many studies showing the relationship of political ties consideration in appointing executives of an organization that links to either the power of the state or state enterprise. Examples of these studies, e.g. a study on qualification consideration for appointing executives of state enterprises in China found that the appointment consideration of state enterprise's executives in China has a relationship on political ties characteristics, especially in state-owned enterprises that are highly influential in the country (SOEs majority of listed firms). They require the power conversion of executives to connect with the elite in the government, eg. the elite in the communist party (Puffer & McCarthy, 2007). These organizations use compensation management that emphasizes on paying the amount of the base pay and perks for the executives in a high proportion at the beginning. Paying a high based pay shows that they do not expect a rapid change, but the organization may focus on working to comply with the policy that has been implemented continuously. If the organization needs changes, it is going to focus on paying out the incentive pay at a high proportion (Walder, 2003).

For compensation management, apart from considering the qualification of executives, political ties, for organizations that have a relationship with power and

mechanism of the state, need to consider the difference in organizational context according to the optimal contract theory. This theory states that the determination of compensation for executives should consider the difference in the context and characteristics of the organization. Especially for state enterprises in Thailand that have different contexts including the classification of 4 groups. This classification affects the freedom of compensation management. The type of organization is currently divided into 9 types including transportation group, energy group, communication group, public utility group, industrial and commerce group, agricultural group, natural resources group, social and technology group and financial institution group. These groups are different in size, goals of each state-owned enterprise, business competition capability and the complexity of state enterprise, risk. These factors should be related to compensation determination in a positive direction for the executives (Prendergast, 1999).

The compensation management for executive personnel is a tool to reduce problems or may increase problems between the executives and the board as well. This is in accordance with the Agency Theory. For the compensation management of the executive's group, especially those at the chief executive position of a state enterprise in Thailand, now it is a negotiation between the board of each state-owned enterprise. For the executives, according to Agency Theory, it describes the relationship between a principal and an agent. An agent will be authorized by the principal to take over the administration because the principal is unable to manage itself. Thus, an agent is a person who protects the interest of the agent. However, the management carried out by an agent may cause problems between both parties as well (Agency Problem).

Currently it is found that state-owned enterprises in Thailand have different organizational performance results from the scores of the State Enterprise Policy Office (SEPO). Types of state-owned enterprises that have the highest average score (full score is 5) are energy group (4.77), industrial and commerce group (4.3). The types that have the lowest average score are communication group (3.64) and transportation group (3.02). The average score for state-owned enterprises is 3.98. There are 3 groups out of 7 groups of state enterprises that have a lower score than the average. If state enterprises are divided into groups, it is found that Group A state enterprises are the group with the highest assessment score (4.97) (SEPA, State Enterprise Evaluation, 2016). State enterprises in Group A are independent in organization management, especially

the recruitment, selection, and remuneration system so that they have comparable competitiveness with private companies.

For this study, the objective is to study the factors that lead to compensation management for the executive group of 2 state-owned enterprises in group A, either those who passed the recruitment/selection process and those who are being recruited and selected. The study is conducted in both context of the organization, e.g. size, complexity, type of industry competing, and personal qualification, e.g. through the Resource Dependence Theory and the Human Capital Theory, to study the factors that lead to the compensation determination system of the executive group. The compensation determination system under this study consists of the base payment range and the incentive pay. Most studies on the compensation management system targeted the private segment. While state-owned enterprises are organizations that have similar administrative characteristics to the private sector, they also have relationships with the state power and system. This leads to differences in the context and environment of the organizations. Therefore, the qualification of the executive group is also different. This study will help to identify the factors of compensation management for the executive group in state-owned enterprises through the principle of Human Capital, the theory of resource-dependent and bringing political ties into consideration. Moreover, this research will help other state enterprises identify the factors for recruitment, selection, and compensation management of the executive group in the leading state enterprises in Thailand. The information from this study aims to improve the efficiency of the management to a higher level which will benefit Thailand in the future.

1.2 Research Questions

1) How different in environment of state-owned enterprises affects the determination of compensation for the executive's group in Group A state enterprises

2) How different in the compensation management system of the executive personnel group of Group A state enterprises

3) What the factors that lead to differences in compensation determination of Group A state enterprises are.

4) Determine how political factor affects the differences in compensation determination of executive personnel group in Group A state enterprises

1.3 Research Objectives

1) To study the relationship between the environment of Group A state enterprises and the compensation management of the executive personnel group in the target state enterprises.

2) To study the framework for compensation management of Group A state enterprises

3) To study whether political factors affect the different compensation determination of the executive personnel group in Group A state enterprise.

1.4 Hypotheses of the Study

The formulation of hypotheses is based on relevant concepts and theories. They are then verified by expert surveys. The hypotheses are divided into the primary hypotheses and secondary hypotheses as follow

HA: Different characteristics of the human capital of executive personnel group that lead to differences in compensation management

HA 1: Different political tie factors of executive personnel groups leads to differences in compensation management.

HA 2: Different risk management factors of executive personnel groups leads to differences in compensation management.

HA 3: Different resource access factors of executive personnel groups lead to differences in compensation management.

HA 4: Different change management factors of executive personnel groups leads to differences in compensation management.

HA 5: Different in past management experience factor of executive personnel group leads to differences in compensation management.

HA 6: Different educational factors of executive personnel groups leads to differences in compensation management.

HA 7: Different in the factor of reputation within the industry of executive personnel group leads to differences in compensation management.

HA 8: Different in business networking of executive personnel groups leads to differences in compensation management.

HB: Differences in the environment of state enterprises lead to different compensation management of the executive personnel group.

HB 1: Product Differentiability of state enterprises leads to differences in compensation management of the executive personnel group.

HB 2: Different industry competition of state enterprises leads to differences in compensation management of the executive personnel group.

HB 3: Different legal constraints of state enterprises leads to differences in compensation management of the executive personnel group.

HB 4: Different powerful outside forces of state enterprises leads to differences in compensation management of the executive personnel group.

HB 5: Different performance assessed by the State Enterprise Performance Appraisal System (SEPA) of state enterprises leads to differences in compensation management of the executive personnel group.

HB 6: Different government policy of state enterprises leads to differences in compensation management of the executive personnel group.

HB 7: Different in compensation determination from the players within the market of state enterprises leads to differences in compensation management of the executive personnel group.

HC: Different characteristics of internal administration of state enterprises lead to the different compensation management of the executive personnel group

HC 1: Different organizational complexity of state enterprises leads to differences in compensation management of the executive personnel group.

HC 2: Different organizational culture of state enterprises leads to differences in compensation management of the executive personnel group.

HC 3: Different executive groups' management of state enterprises leads to differences in compensation management of the executive personnel group.

HC 4: Different role of board director of state enterprises leads to differences in compensation management of the executive personnel group.

1.5 Scope of the Study

This research aims to study the different compensation determination factors among executive personnel groups of state enterprises in Thailand. The researcher has studied 2 state-owned enterprises in Group A, which the researcher would call the energy state enterprise and the airport-managing state enterprise. Both are considered independent in compensation management including determination of compensation structure, incentive compensation management, and welfare design. The study also considers the environmental differences of state enterprises. There are two main population and sample groups, 1) interviewed population consists of personnel related to the compensation determination for the executive personnel group in each state enterprise, e.g. compensation determination committee, executive personnel group, human resource manager, a labor union. This also includes personnel from product development to understand the environment of the organization and external personnel from an organization oversight by the state enterprise such as the State Enterprise Policy Office, the Energy Regulatory Commission, Department of Airports including related personnel that may involve in compensation determination from other state enterprises in other groups such as the compensation determination committee from other groups of state enterprises. 25 sample groups were chosen by purposive sampling method. 2) The population being surveyed by the questionnaires and then analyzed by statistical analysis consists of personnel from both state enterprises. They are all personnel from level 5 or deputy director or equivalent or higher. The sample size is 374 respondents.

1.6 Expected Results

1) Be aware of the relationship between different environment and compensation determination for executives

2) Be aware of the framework for compensation management of executive personnel group in Group A state enterprises which are independent in compensation management.

3) Be aware of factors that will determine different compensation for the executive personnel group.

4) Be aware of the political tie factor of the executive personnel group that may lead to different compensation determination.

CHAPTER 2

THEORIES, CONCEPTS AND LITERATURE REVIEW

2.1 Principle Theories on Compensation Management

2.1.1 Organizational Economic Theories

Organizational Economic Theories are classified into the behavioral economic group. They began to develop in the latter part of the 20th century due to concerns over the lack of behavioral assumptions in early economic models. There are many theories used to describe the organizational economic theories including the economic theory on cost exchange, property rights theory, hidden contract theory, etc. But the theory that is related to the executive personnel group is the Agency Theory. This theory is considered the theory that has the most consistent application for the compensation system within the organization. Under conditions of informational imperfections, attention is given to the shareholders as principals and the executives as agents. The principle of compensation system development is to develop the compensation contract including how to create both internal and external attraction so that the interest of executives be adjusted to be in line with the shareholders. For example, the shareholders (principals) expect that the value of the investment in the company is high enough so that it can be shared with the executives (agents) in some forms of compensation. This may be linked to the business turnover of the organization. Hence, a contract is used as a link that connects between the principals and the agents in order to monitor and control in a specified direction. This kind of contract is called Agency Costs (Ross, 1973). The key point of agency theory and the effective policy on compensation proposes that "The owners of a company can utilize the monitoring and control mechanisms of incentive adjustment in order to entice the executives as subordinates to behave so that they will improve the wealth of shareholders" (Eisenhardt, 1989).

2.1.2 Economic Theories on Compensation

During the 20th century, research on personal economics was largely related to compensation by focusing on the compensation method and calculation formulas. At that time, there was no theory that can clearly explain compensation. Therefore, the group of theories on economics is the first group of theories that integrate various dimensions in order to explain the compensation model. This includes financial compensation and psychological compensation (Senasu, 2017). The group of economic theories on compensation related to the compensation management for the executive personnel group includes Efficiency Wage Theory, Signaling Theory, Human Capital Theory, and Reservation Wage Theory.

2.1.2.1 Efficiency Wage Theory

Efficiency Wage Theory proposes that high wages can increase efficiency and reduce cost. By hiring better quality personnel or motivating current employees to work more efficiently. Efficiency wage theory suggests that wage levels will determine work effort. For this to be accurate and complete, it must consist of 3 explanations (Lazear, 1995)

1) Higher wages must create higher productivity. For example, effective wages are higher wages that encourage personnel to be more dedicated and try harder which leads to a positive slope in labor supply.

2) Wage payment must be set at a higher level from the market in order to create interest among outside parties and, hence more people will be in line waiting for the personnel recruitment. However, a higher payment than the market strategy can cause trouble if it is not designed to motivate personnel so that they can demonstrate their full potential in working performance.

3) A high-efficiency wage policy must generate more profit than minimum wage policy.

Many researches relating to efficiency wage policy, e.g. Lazear (1998), have surveyed the work avoidance behavior of personnel within many automobile manufacturing organizations. By surveying the discipline of employees and the level of wages, it is found that the higher wages paid to the personnel are associated with lower work avoidance. This is measured by the number of personnel fired from violation of discipline. Another study from Rynes and Boudreau (1986) shows that even higher

compensation can attract more qualified personnel, but also attract low-efficiency personnel as well. Therefore, the recruitment and selection system of an organization must screen the personnel in order to make sure the high wage pay truly creates efficiency.

2.1.2.2 Signaling Theory

The signaling theory states that employers will design a clear level and composition of wages as part of their strategy that signals to future employees and current employees on the type and behavior of employees they are looking for (C. Porter, Conlon, & Barber, 2005). The signaling theory can be used to layout a compensation policy in many ways, without the need to rely on a higher-than-market compensation strategy. For example, an organization may set a compensation strategy that is lower than the market but with a high bonus and provide opportunities for personnel development through an effective system. This is considered as sending signals to personnel who want to take the risk of getting lower compensation than the market but need self-development, etc. Research from Cable and Judge (1994) conducted a study on graduating university students found that the level of compensation and the composition of compensation affects the decision on choosing an organization they want to work. For the sample group requires a high payment rate and focus on personal payment rather than team payment, they prefer a stable rather than variable payment. They like stable benefit payments rather than relying on personal skills and like flexible fringe benefit payments. In addition, research from Arunotong (1996) which studies the factors on the attraction of organization selection founds that the samples choose security and progress factors rather than high payment factors for choosing an organization. From the study, it shows that candidates will choose a job that is consistent between their own characteristic and the nature of the organization. The organization sends signals through the compensation system either pay rate or other relevant components.

2.1.2.3 Human Capital Theory

The human capital theory is considered as an economic theory that influences the explanation of different wages. The human capital theory is based on the belief that increases in incomes come from the potential to increase human productivity by investing through education, training, and experience (G. S. Becker, 1975). It is hypothesized that people will be hired at the level of the marginal product value. Increasing

productivity through investment in training or even being healthy will increase the marginal product. In general, increasing personal value of skill or capability is a function of time, cost, and effort to gain that skill or capability. The result is individuals who have invested in their own development for a long time should receive higher compensation than less invested work. When the wage level is higher, there are more people who want to invest. This creates a steeper supply line. However, the human capital theory is an important theory in considering the compensation of different individuals. Therefore, the researcher will explain more in detail the following topics.

2.1.2.4 Reservation Wage Theory

The reservation wage theory explains that a person looking for a job and has already set a minimum wage for what level they will not accept job offers regardless of how other interesting features are. If the wage is lower than a set standard level, there will be no other substitution even if the wage is higher or lower than the market. (Milkovich, Newman, & Gerhart, 2011). In addition to wages that are the main compensation, they may also include other elements of compensation as well.
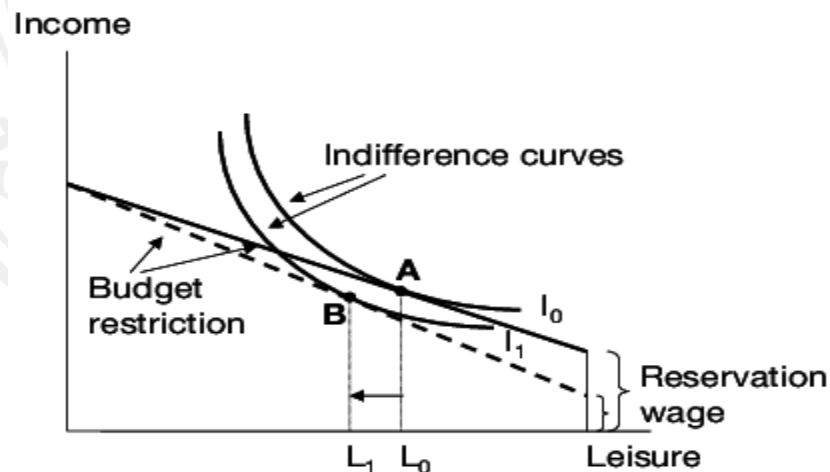
Figure 1.1 Reservation Wage and Participation in the Labor Market
Source: Milkovich et al. (2011)

The above diagram, shows that the decision to join the labor market of those looking for a job where the vertical axis is the income and the horizontal axis is

the number of working hours. The reservation wage is the rate of market wage at the point of intersection between the AL0 line and the satisfaction line I0 at the first working time (L0). At this point in time, it is the last point personnel is going to decide to join the labor market. If it is lower than this point, personnel will not decide to join the labor market. However, if the rate of payment is slightly reduced but the number of working hours is also decreased (BL1), personnel may decide to join the labor market to find ways to move the compensation payment line from point B to point A. If the compensation payment from the outside market is higher than point A, it may result in personnel moving to the organization that has compensation payments higher than point A.

For the above economic theories, are a group of theories related to compensation payment in the labor market and are applied in the payment at different levels of organization in the mentioned situations. The above theories focus on explaining the different compensation for everyone.

2.1.3 Psychological Theories on Compensation

If psychological Theories are being applied to compensation payment, they can increase performance. The higher performance also comes from higher motivation (Senasu, 2017). The difference in these psychological theories lies in explaining how to motivate personnel through compensation determination, especially, the determination of the incentive compensation system. In this study, the researcher is going to explain the psychological theories related to compensation management for the executive group which consists of the expectancy theory, reinforcement theory, and theory of goal setting.

2.1.3.1 Expectancy Theory

The expectancy theory was first developed by Vroom (1964) and was revised for presentation again by L. W. Porter and Lawler (1986). This theory proposed that the motivation or impulsion of an action is the result of a person's thoughtful decision-making process. Making any decision depends on three perceptions: 1) expectancy refers to the perspective of each person who uses a level of effort to achieve a certain level of working performance, 2) instrumentality means the belief in a certain level of work will involve with different outcomes, 3) Valence means the importance or attraction of these outcomes. Since the three factors are related in multiple meaning that if any factor is equal to zero, the result of motivation will be zero as well.

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┌──────────────────────┐     ┌──────────────────────┐     ┌──────────────────────┐
│  Expectancy          │  X  │  Instrumentality     │  X  │  Valence             │
│  Perceived probability│     │  Belief that there   │     │  Degree to which     │
│  that effort will lead to│   │  is a connection     │     │  rewards are valued  │
│  good performance    │     │  between activity    │     │                      │
│                      │     │  and goal.           │     │                      │
└──────────────────────┘     └──────────────────────┘     └──────────────────────┘

                                     =

                        ┌──────────────────────┐
                        │  Motivation          │
                        │  Reason to perform   │
                        └──────────────────────┘
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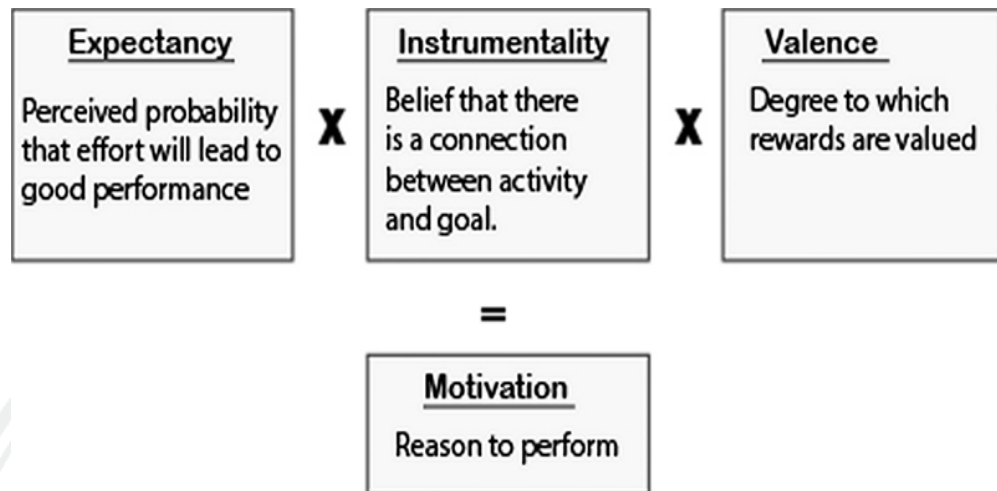
Figure 1.2 Expectancy Model
Source: L. W. Porter and Lawler (1986)

In short, expectancy theory proposes that compensation payment by working performance will help to motivate higher performance because work is a tool to gain higher compensation as well. Paying compensation can motivate a higher performance if there is an effective assessment (Senasu, 2017).

2.1.3.2 Reinforcement Theory

The reinforcement theory began from an experiment to study the relationship between outcomes and behavior. Luthans and Stajkovic (1999) suggest that any behavior of a person including work is a consequence of the outcome of earlier behavior. This explanation is different from the expectancy theory above. The expectancy theory is interested in what happened before and after the operation. But the reinforcement theory only focuses on the aftermath of the operation (Komald, 1986). Therefore, if considering the perspective of the expectancy theory, the reinforcement theory provides further explanations of the perspective on reinforcing tools. It is believed that the frequency of behavior will increase when the valuable reward is tied to the behavior of the person. Behavior and reward will be tied closer when the behavior is clearly identified, rewarding are made immediately after the behavior is shown and the size of the reward is comparable to the behavior shown.

In conclusion, under the reinforcement theory, compensation payment should attract more work because of the financial consequences for producing better outcomes and being recognized by other personnel. To make compensation payments based on the outcomes be more attractive, the type of outcomes that bring compensation to the person must be clearly identified. The reward should be given after the personnel shows the performance and the size of the reward must be appropriate.

2.1.3.3 Goal-Setting Theory

The goal-setting theory related to compensation paid by performance was first proposed by Locke (1968) which suggested goals will be attractive to personnel if they are specific, challenging, and accepted by personnel within the organization. The goals should be more specific in what level they should be rather than set to broader goals, for example, "do it your best" or set broad goals that are not clearly defined where people can specify their dedication to achieve the goals. Setting goals should be challenging because if the goals are too easy, personnel may find it less important. If they are too difficult, personnel may think that dedication may not be effective. In addition, goals should be accepted from personnel before putting into action so that they perform in the same direction. For the incentives giving to personnel, they should be elevated to a higher level in accordance with the set outcomes as it will lead to a variety set of goals. First, compensation payment based on the performance of achieving goals creates dedication to the goals. Second, compensation payment based on outcomes may be the result of setting a more difficult goal to receive a higher reward. Third, compensation payment based on outcomes may result in more set goals to earn higher compensation. In conclusion, the goal-setting theory suggests that compensation payment can increase motivation because increasing compensation will result in setting more goals, setting harder goals and dedicate to higher goals. Compensation payment based on the outcomes should be based on specific goals that are weighted by the difficulty to achieve the goals. The organization should have a discussion with personnel to create understanding in the same direction and be affected in motivation (Senasu, 2017).

2.1.4 Theories on the Determination of Compensation Levels

For these theories, they will be used to explain the determination of the compensation level that is effective and able to motivate personnel to perform their tasks

to the best of their capability and from the question of how much different compensation payments based on outcomes should be paid to motivate personnel. Theories used to describe this phenomenon including equity theory and tournament theory.

2.1.4.1 Equity Theory

The equity theory proposes that personnel judge the fairness of compensation by comparing them with qualifications and compensation for jobs that are similar to themselves (Adams, 1963). However, from the literature reviews, there is not much research that can directly answer the question of the compensation structure. Most of which focuses on the amount of compensation. The principle of equity theory is to support equal compensation payment and not much different (Hierarchical structure) with acceptance from personnel within the organization. The organization must have clear and explainable criteria for a compensation payment of personnel. For an example of clear, explainable, and pay on performance compensation payment and bonus, both equally and hierarchy, is shown in table 2.1.

Table 1.2 Rates for Compensation Payment Both Equally and Hierarchy

Results from Performance Assessment	Bonus Payment Rate (Times of Salary)	
	Equally	**Hierarchy**
Excellent	2.00	5.00
Best	1.50	3.00
Good	1.00	1.00
Average	0.50	0.50
Improvement needed	0.00	0.00

Source: Adams (1963)

2.1.4.2 Tournament Theory

The tournament theory is a theory studied by economists. It focuses on the direct effects rather than the psychological effects of compensation payment. The compensation payment based on the working performance of personnel will influence the performance of the personnel. When applying the tournament theory to compensation payment, it can explain that the tournament theory supports hierarchical payment. The

higher the payment between hierarchies, the higher the level of personnel's dedication to achieves a higher level of outcome, therefore, being promoted to a higher position and leading to greater compensation. According to a study from Lazear (1995), it is reported that when compensation between each level is increased, it results in increasing personnel's motivation to perform the work and decrease the resignation rate. Frank and Cook (1996) found that the higher compensation payment between hierarchies will improve the overall performance of the personnel. For research in Thailand, Keawkajee (2010) studied the factors that affect the resignation of personnel. They found that setting salary that is challenging and show the progress of work is an important factor that attracts personnel to continue working with the organization The personnel who receive more compensation have a higher commitment to the organization than the personnel who receive less compensation. From the study, there are only a few research on competition and compensation that supports the highly different in compensation under the circumstances that arise from individual and the performance results from the collaboration between a small group of personnel. The research on the topic including a study from Bloom (1999) that studies the competition of sports teams by studying data from baseball teams in a period of 8 years. It is found that individual performance and the collaboration of the whole team resulting in good outcomes. Teams with similar compensation (Egalitarian Structure) will have better overall results than teams with very different compensation (Hierarchical Structure) and those with moderate outcomes will develop better on teams with equal compensation structure. This reflects that the supportive culture of the organization allows a moderate player to be trained and developed.

In conclusion, when determining the award payment rate, consideration must be given to the appropriateness of payment at each level on how much or less payment should be made. For example, if the payment is based on the equity structure, the award payout rate of each level of outcomes should be determined and be not very different between the lowest and highest performance level. This type of determination is appropriate for the working culture that requires close cooperation and knowledge is being exchanged between each other. But if the compensation payment relies on the hierarchical structure, the determination of the payment rate of each performance level from lowest to highest should be substantially different. This kind of determination is appropriate for a working culture that is clearly relied on the working performance of

an individual and does not rely much on working cooperation. Both equity theory and tournament theory can be applied together in the management of the compensation plans and can be separated by departments. For example, the sales department may focus on determining compensation payment at a very different rate at each performance level while the compensation for a working team may be set to a similar level but set the compensation in accordance with a high level of the successful work outcome. However, both theories support hierarchical compensation allocation (Milkovich & Newman, 2008)

2.2 Compensation Management Concepts

For the term "Compensation", many domestic and foreign scholars have defined the meaning of compensation, for example, compensation means a form of financial payout, services or benefits that employees receive and is considered as a part of employment relationships building (Milkovich & Newman, 2005, p. 7). The compensation consists of wage, salary, bonuses or lump-sum payment (Byars & Leslie, 1997, p. 533). Scholars in Thailand also give the same definition, for example, payment for the work. Payments cover all rewards employees receive from work both in financial and non-financial forms (Tiyao, 2005, p. 145). Financial payment can also be divided into direct and indirect financial (Ketsuwan, 2005, p. 7).

In summary, from the researcher's opinion, compensation management refers to methods or forms of financial or service payment of an organization or benefits employees receive from exchanging work between the employee and the organization in the form of financial, welfare, bonuses or market share to attract, maintain and motivate employees in the organization so that they perform the work at their full potential and willing to respond to the goals and survival of the organization.

2.2.1 Types of Compensation Payment

The compensation can be divided into two major types: financial and non-financial compensation. For the financial compensations such as salary, bonuses, overtime pay and for the non-financial compensation such as welfares, many forms of stock, working environment, commendation (Thanya Phon-anan, 2004, p. 37) which corresponds to

Mondy and Noe (1996, p. 359). They divide the compensation into two major types which are financial compensation, with direct financial compensation such as salary and wage as well as indirect financial compensation such as welfare, commission, and bonuses. The second compensation is non-financial compensation which is divided into non-financial compensation related to work such as job challenges, opportunities for career advancement, job responsibility. The non-financial compensation relating to the job environment such as organization policy, work flexibility, colleagues, etc.

Table 1.3 Financial & Non-Financial Compensation

Compensation			
Financial		**Non-financial**	
Direct	**Indirect**	**Job**	**Job Environment**
1) Wage	1) Insurance plan	1) Interesting job	1) Good policy
2) Salary	2) Social security	2) challenging job	2) Capable leader
	such as educational	3) being under	3) Friendly colleague
	fund	responsibilities	4) Flexible job
		4) being accepted	5) Comfortable work
		5) progress in work	environment
		6) being a part of a	6) Various forms of
		Success	special incentive

Source: Mondy and Noe (1996)

Mathis and Jackson (2003) divide financial compensation into 3 types: 1) base pay, 2) variable pay and 3) fringe benefit.

1) Base Pay including wage or salary, most organizations pay the base compensation hourly or monthly judging by the nature of work. Hourly base pay will be considered for jobs that can be calculated from time directly. Monthly base pay will be considered by a longer period. Those who receive a salary have higher status than those receiving a wage. Some organizations, therefore, change the payment method by paying salaries to workers and clerks in order to create loyalty and bond to the organization but still pay overtime according to legal requirements.

2)   Variable Pay or Incentives is another type of direct financial wage which directly relates to the performance of each employee, most of which are bonuses and various type of incentive compensations such as the rights to hold company share of executive working for a long time, etc.

3)   Fringe Benefits are indirect compensation that an employee receives from tangible things such as health insurance, holiday pay or the retirement pension. These are compensation for being a member of the organization, sometimes called benefits or supplementary compensation. For most people, these benefits are called welfare, though the term welfare may narrow the meaning of fringe benefit. Because, in academic, the term fringe benefit will include benefits and services both wages and salary add-ons. They also include indirect rewards in addition to wages and salary.

2.2.2 Pay Model

Pay model is a concept that shows the summary of compensations, it consists of objective, policy, and technique. Milkovich and Norman explain as follows

Table 1.4 Pay Model

Policies	Techniques				Objectives
Internal alignment	Job analysis	Job description	Job value assessment	Internal job structure	Efficiency * Job outcome
External fairness	Market definition	Surveying	Policy line	Compensation structure	* Quality * Customer and
Job performance of the employee	Pay by seniority	Pay by outcome	Framework for salary promotion	Incentive compensation pay program	shareholder * Cost
Administration	Cost	Communication	Changes	Assessment	Fairness Legality

Source: Milkovich and Newman (2008)

2.2.3 Objectives of Compensation

The objectives of compensation will be the framework to design the compensation system and as a standard to measure the success of the compensation system. The design

and implementation of the compensation system is undertaken to achieve the main objects of the compensation as follows: (Milkovich & Newman, 2005, p. 7)

1) Efficiency, specific effective objectives include improvement of the performance and achieving the quality goal of the organization, and emphasize the needs of customers. Moreover, efficiency also means the control of wage costs.

2) Fairness is another main objective to ensure that fair wage payments are made to all employees by focusing on the compensation system design that takes both performance and the needs of employees into consideration. Moreover, the fairness of the decision-making process should also be taken into consideration because it is as important as the outcome. This includes distributive justice and procedural justice.

3) Legal compliance, the organization must always adjust the compensation system to comply with laws and regulations regarding wages which has always changed all the time.

2.2.4 Compensation Policy

An organization has to design and establish policies for the compensation payment system. The following 4 principles should be taken into consideration: (Milkovich & Newman, 2005, p. 7)

1) Internal alignment is a comparison between the level of work or skills within the organization.

2) Competitiveness is a comparison of the compensation to the external organization which may be the comparison of organizations in the same industry or from compensation survey data.

3) Contributions to the success of employees are the focus on connecting the outcome done for the organization from employees to the compensations.

4) Management is the focus on connecting the management of the existing compensation system.

2.2.5 Compensation Payment Techniques

Compensation payment techniques relate to the policy. If the policy is an internal alignment, it usually starts with job analysis which is collecting job descriptions and then job evaluation and internal structure management. The internal job structure shows

the relationship between work and skills or organization capability. It is organized according to the importance of the job through the achievement of the organization's objectives. The purpose of organizing the job structure is to support the organization's objects and to create internal alignment which may affect the attitude and behavior of the employees as well as to comply with the conditions of laws and regulations.

For the external competition policy, it is done by comparing the defined compensation regulation of the organization with the compensation of competitors with similar jobs. But it requires market definitions and market surveys. Information on policy can be used to make decisions on the determination of compensation structure (Policy Lines). The pay structure affects the ability to attract and retain employees of the organization including labor cost control.

2.3 Strategic Perspectives

The importance of the strategic perspectives on the compensation systems is supported by several studies (Batt, 2002) which indicate that when an organization is focused on improving the performance of its employees, implementing the market defined compensation strategy in the organization is not effective. Studies in the United State found the compensation strategy that can be implemented to improve the working performance of employees, is determining what rate should be paid to be able to compete in the market together with determining the forms of compensation that can attract personnel to perform more efficiently as well as creating alignment with the strategy of human resource management of the organization (Gerhart, 2000).

Connecting the compensation system to the organization strategies should integrate the compensation system into the strategies of the organization. It starts from the alignment of the strategic level which indicates the direction of operation and the competitive strategies that can create advantages and sustainable growth in the industry. The appropriate compensation strategy will help create desirable working attitudes and behaviors for the organization. The diagram for creating alignment of compensation strategies to create competitive advantages is shown in figure 2.3
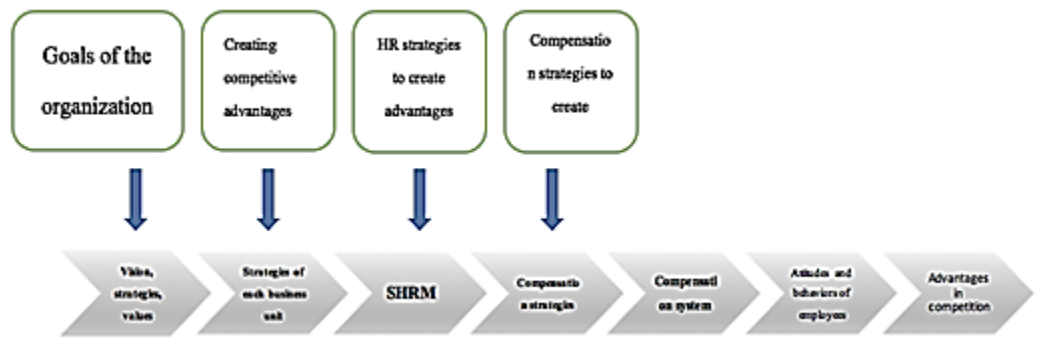
Figure 1.3 Creating Alignment between Compensation Strategies and Other Functions
within the Organization

Source: Milkovich and Newman (2005)

In addition to creating connections between the compensation strategies and
other functions within the organization, the framework to create a compensation system
should be designed in accordance with the competitive strategies of the organization
as well (Milkovich et al., 2011). For example, if the strategies of the organization focus
on innovation, the framework for creating a compensation system should focus less on
the evaluation of skill and position but emphasize the payments resulting from innovative
ideas of personnel in the organization which creates alignment with the competitive
strategies of the organization. The human resources strategies and the compensation
system in an organization can be summarized as shown in table 2.4.

Table 1.5 Designing of a Compensation System that Aligns with Strategies

Strategy	The Forms of Business under the Strategy	Human Resources Strategy	Compensation Management System
Innovation Strategy	Leading in products Timing is an important cycle of businesses	Emphasize active, venturous, and creative employees	Reward innovative products and processes Compensation payment based on the market Flexible compensation payment

Table 2.4 (Continued)

Strategy	The Forms of Business under the Strategy	Human Resources Strategy	Compensation Management System
Cost Cutting Strategy	Focus on excellence in operation system Focus on cost reduction to increase performance	Produce more under fewer resources	compensation payment based on minimum wage Increase variable compensation เน้นผลิตภาพ Focus on system control and specific job definition
Customer-Focused Strategy	Focus on solving customer's issues Fast response to the market	Satisfy customers and exceeding their desired expectation	Attract compensation payment from customer satisfaction

Source: Milkovich et al. (2011)

Apart from the strategic conceptual framework as already mentioned, there are also similar strategic frameworks such as Porter's strategy (1985) which will be explained in the following section. The strategic framework of Miles and Snow (1978) describes Defenders' strategy to operate a stable market and cost competition with the use of Prospectors strategy that focuses on creating innovations to find new markets.

2.3.1 Compensation Strategy Development

Compensation strategy development is a process that helps organizations design compensation systems that are suitable for the organization. There are 4 steps in developing a compensation strategy (Milkovich & Newman, 2008)
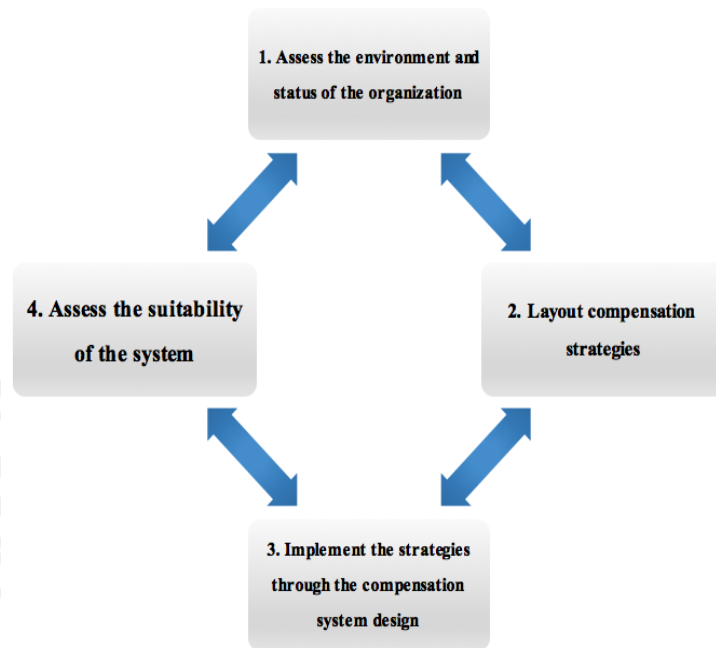
Figure 1.4 Steps of Compensation Strategy Development
Source: Milkovich and Newman (2005)

2.3.1.1 Assessment of the environment and status of the organization

Assessing the environment of an organization by considering both past and current of the organization to determine which factors will be more or less important to the future of the organization. The factors that should be considered such as the dynamic of competition, organization's values and cultures, the necessity of employees, labor union, and the importance of the compensation system to the overall human resource strategies.

2.3.1.2 Laying out compensation strategies

The compensation strategy is determined based on many decisions in the compensation structure. They are the compensation objectives, alignment within the organization, competition outside the organization, compensation program for employees, fringe benefit program and compensation management, etc. The goal of laying out a compensation strategy is to create the right compensation's options based on finding ways so that the organization can compete. Therefore, laying out the compensation strategy creates a diagram of the compensation strategy for the organization and is used to create clear communication with employees.

2.3.1.4 System suitability assessment

Is the process of evaluating the suitability of the system after implemented including reorganizing when relevant conditions and strategies arise.

2.3.2 Framework for Compensation Strategic Definition

Explaining the framework for compensation strategic definition can be done from two perspectives (Schuster & Zingheim, 1996), 1) perspective on compensation payment that suitable for the environment of the organization, which is called "compensation based on high dedication". This focuses on stable payment, low risk, guarantee work stability, provide the opportunity to grow with the organization. It is believed that following this framework will result in attracting and retaining those who are very dedicated which will become an advantage for the organization. 2) perspective on compensation payment according to best practices, which is called "payment based on the new compensation framework". This payment is mainly based on market rates. Increasing compensation will be considered from working performance more than the living cost or seniority system. The relationship of employment is in forms of success-sharing partnership.

Table 1.6 Perspectives on the Definition of Compensation Strategy

Compensation based on the New Compensation Framework	Compensation based on High Dedication
Compensation depends more on the sensitivity of the external market of the organization than the internal system adjustment of the organization.	Guarantee job security
	Receive incentive, shares on success without risks
	Personnel have ownership
Variable compensation based working performance not a definite annual increase in compensation	Participation and decision-making power
	Work in a team not individual
	Giving opportunities to be promoted in the organization
A partnership shares based on risks, not on compensation rights	Recruitment is only done with a certain position

Table 2.5 (Continued)

Compensation based on the New Compensation Framework	Compensation based on High Dedication
Opportunity to create flexible outcomes, not based on the job position	Information is shared throughout the organization
Horizontal promotion not following a vertical career path	Emphasize on training, training based on field and skill development
Ability to negotiate for employment, not security in career	Symbolic equality that adds value to the organization
Produce outcome in teamwork rather than individual	Emphasize on long term perspectives and performance assessment

Source: Schuster and Zingheim (1996)

However, there is no conclusion indicating which is better between the compensation payment concept on the best-fit approach or the best-practice approach. The results from related research indicate that the importance of compensation is not only related to the payment rate paid to personnel (Gerhart & Milkovich, 1990). The impacts on compensation strategy are also equal to the impacts on other aspects of the human resource system (B. E. Becker & Huselid, 1997)

2.4 Concepts on Compensation Management for the Executive Personnel Group

Designing an effective compensation strategy for executives will help the success of business operations for organizations. The success of an organization may not come from every employee equally but may come from a group of people in the organization that we call special employee groups which have different roles in responsibility and risk than common employees, one of which is "the executive group". Therefore, the compensation management for the personnel in the executive group is very important. The compensation management for the executive personnel group will specify additional

forms of compensation that are different from common employees. There are 2 identical characteristics for the personnel in the executive group (Senasu, 2017)

1) Personnel in the executive group tend to be important for the strategy of the company. If the work of people from this group is failed, it will result in the overall success of the organization as well.

2) Being in a position for the executive personnel group is likely to create conflicts. These conflicts result from the different needs of the group's members.

2.4.1 Perspective Explanation on Compensation Payment for the Executive Personnel Group

Compensation payment for the personnel in the executive group, in general, the rate of payment is higher than other levels of personnel. Because the expertise of the executive personnel group will be an indicator of the company's direction. Therefore, setting a sufficient compensation for the executive personnel group is important. The explanation for perspective on a high compensation payment of the executive personnel group can be explained with 3 perspectives (Senasu, 2017)

The first perspective proposes that the salary of top executives will result in social comparison. The manager must maintain a stable relationship of compensation with low ranking employees. It can be said that, when the salary of employees increases from the market's pressure, the salary of executives must also be increased to maintain the above relationship. Due to this reason, the compensation for the executive personnel group must also be high as well.

The second perspective relates to the economic view, the value of top executives should be measured from the success of the organization such as profit or sales, complying with international standards, raising of company's value, etc.

The third perspective is the view on the representative theory which explains that the decisions of top executives are not made for the best interest of the company or the shareholders but to protect themselves. The top executives will make a decision for the security of their position and the highest reward they will receive. This can be considered from the explanation of how top executives will be able to secure their compensation at a high level, it is done by

1) If the top executives are paid less than they should actually get, a compensation consultant will be employed to survey the current competitors of the organizations. The consultant will report the result to the board that the executives receive compensation less than it should be. As a result, the compensation will be adjusted to the same level as the competitors.

2) If the top executives already receive proper compensation including the organization's performance is favorable, a compensation consultant will be employed to recommend the company to do a specifically defined survey and the selected companies will be the ones with top compensation payment for executives in the industry. The consultant will report to the board that the executives receive less compensation payment than it should be. As a result, compensation will be increased.

3) If the top executives receive proper compensation but the performance of the company is not good, a compensation consultant will be employed. The top executives express their condolences to the consultant for the low compensation which results in the resignation of personnel, who is loyal to the organization. Therefore, the compensation consultant will propose to increase wages to avoid resignations.

There are 5 basic forms of compensation payment for the executive personnel group (Milkovich & Newman, 2005)

1) Salary is a main, fixed compensation

2) Bonuses are incentive pays. The payment rates depend on indicators agreed upon between the organization and personnel

3) Long – Term Incentive is part of incentive pay. The payment rates depend on long term indicators agreed by the organization and personnel, for example, rights to buy shares, giving out shares, profit shares, etc.

4) The executive benefit is a type of benefit apart from fix compensations and incentives for the executives such as welfare for the executives, a personal working room, a personal assistant, etc.

5) Perks for executives are types of benefit in both financial and non-financial for the executive personnel group so that the executive personnel group feel the privilege from those special benefits such as giving out car and house for the position, or royal badges, etc.

For the main concept of compensation determination in considering the qualifications of the executive personnel, there are two main perspectives in general, the perspective on market transition (Nee, 1989; Nee & Cao, 2005) From this perspective, the executives with the ability to increase the competition capability of the organization will be considered. The organization is under the context of using market mechanisms to compete with other organizations within the same industry (Marketization). The compensation determination will focus on job complexity, organization's characteristics such as size, type of industry, ability to compete together with considering the human capital of the executives.

The second perspective is the power conversion (Walder, 2003), which considers political power, social status, or the qualification of executives to reach the elites or powerful state officials involving in the organization. Considering the qualification of executives must look at these qualifications as well. Because the executives who are able to access persons with political power will create more advantages than other organizations. This type of organization is related to state power or has interests with state power.

2.4.2 Compensation Determination for Executive Personnel Group of State-Owned Enterprises in Thailand

The compensation determination for executive personnel group of state-owned enterprises in Thailand, in general, it begins with a negotiation between the compensation determination committee in each state enterprise with the executive personnel group. The compensation determination committee has the power to determine the compensation structure and the forms of compensation payment of each person in the executive personnel group. The structure and forms will be then proposed to the board or the panel of the state-enterprise after the negotiation is complete. By compiling roles and responsibilities in accordance with the regulations of compensation determination committee in each state enterprise, the roles and responsibilities of compensation determination committee can be summarized as follows:

1) Consider specific compensations for the committee. The rules or procedures and the structures should be fair and reasonable. It is considered from the work and operation performance of the state enterprise, the guideline from the same

industry and scope of responsibility which will be proposed to the board or the panel or the shareholders for approval.

2) Determining compensation for the governor of the state enterprise or the chief executive officer and the committee, the managing director and considering the compensation structure for top executives should be done with fair and reasonable criteria or procedures and structure. In case of compensation payment for the governor of the state enterprise and chief executive officer, roles, responsibilities, and the annual working performance should be taken into consideration and proposed to the board meeting for approval.

3) Assessing the working performance of the compensation determination committee and create a performance report to inform the committee and disclose to the shareholders annually.

4) Consider and review the regulation on compensation determination so that it is always appropriate and up to date.

From the roles and responsibilities of the compensation determination committee, it appears that the roles and responsibilities are important to negotiate with the chief executives of the state enterprise and to define the compensation structure and the payment forms for the executive personnel group.

2.4.3 Research Related to Compensation Management of the Executive Personnel Group

Research from Nee, Sun and Markcozy (2015) which study the qualifications of executives that lead to different compensation determination of 10,329 state-owned enterprises in China, it is found that the important factors differentiate compensation for the executive personnel group are international experience and the factors on political ties. If personnel in an executive group have a relationship with political power groups in the county or federal level of the communist party, they tend to allow the organization to access resources. Moreover, executives with political skills tend to recognize ways of influencing government policies to creates advantages for their organization (Broadsgaard, 2012). While there is not much international experience among executive personnel of state-owned enterprises in China, therefore, both factors are crucial in different compensation determinations. The study from Nee and Opper (2010) also states that

the characteristics of organizations that use the market mechanisms to compete in the business will emphasize less on the qualification of the executives due to the ability to access resources is increasing the ability to compete. By using the market mechanisms, they do not need to access the state's power for obtaining resources. While organizations that rely on the state's power tend to consider higher political qualifications.

Research from Cordeiro, He, and Shaw (2013) which study compensation consideration for the executive personnel of 7,794 companies in China found that important factors in the compensation determination for the executive personnel group are the factors on the ability to create job outcome of the management in the past. For the establishment of a contract with executive personnel, the initial period will not be very long (not more than 3 years on average). The compensation in the contract will be determined for each year in step depending on the working performance of each year.

A survey from the Thai Institute of Directors (2004), which is done on the forms of compensation payment for executives in companies registered in the stock market, found that 35% of the survey participants agreed on the directors of a company should only receive retainer fee and attendance fee at an appropriate rate according to the duties and responsibilities of the director. While 27% agreed that the board of directors should receive both retainer fees, attendance fees, and working performance fees, and 22% of the survey participants agreed that the company director should receive retainer fees and fees from the working performance of the organization. Compensation payment for state enterprises and the board of state enterprises in Thailand mostly focus on retainer fees, attendant fees, and fees according to the performance of the organization. The composition of the board of directors should consist of 10 people outside the organization and 3 persons within the organization with an average term of about 3 years. In addition, a survey by Mercer (2009) found that the proportion of overall compensation for executive personnel has changed. In the past, it is mostly focused on paying base salary and bonuses while it is focused on long term incentive payment as the main proportion. This can be summarized in table 2.6.

Table 1.7 The Proportion of Overall Compensation for Executive Personnel Group

Composition of compensation	1970's	1980's	1990's	since 2000
Salary	60%	40%	33%	19%
Executive Benefits	*	15%	*	*
Perk	*	5%	*	*
Bonus	25%	20%	27%	17%
Long-Term Incentive	15%	20%	40%	66%

Source: Mercer (2009)

Note: * No report

In Thailand, there are surveys done on long term incentive compensation payments in companies within and outside the stock market. From 67 participating companies throughout industries, it is found that 63% has no long-term incentive payment for executive personnel group while 37% has long term incentive pay for the executive personnel group. The form which paid out the most by organizations is the form of restricted stock which will be given out to personnel with a limitation of not being able to sell this stock. 57% of companies giving out share mentioned that only the top 4 levels of executives have the right to receive long term incentive pay and 43% stated that they give the right to all personnel in the organization. This is different from most companies in the United States which only pay long term incentive compensations for some groups of personnel since there are already short term incentive pay and to avoid redundancy in compensation payment (Hewitt Company Research., 2009). A survey on 250 large-scale companies that have been ranked by Standard and Poor's between 2007-2010 found that most companies provide the right to buy the share for top executives with a small reduction. From a survey in 2007, it is found that there are 82% of companies providing the right to buy the share. But in 2008, 2009, and 2010, the number changed to 79%, 77%, and 73% accordingly. Despite the reduction of the rate, it is still at a high level (Cook, 2010).

2.5 The Concepts of Incentive Compensation Development for the Executive Personnel Group

For compensation from work, apart from basic compensations, it can be linked to working performance and capability. The compensation of being a part of creating these outcomes is called variable pay. Since some scholars have defined the definition of variable pay as additional compensations that are not included in the base salary, Armstrong and Murlis (2004) call this group of compensation as "Contingent pay".

2.5.1 Forms of Incentive Compensation for the Executive Personnel Group

Incentive compensation, can be divided by analytical units into 3 levels consisting of individual incentive pay, team incentive pay, organizational incentive pay which can be further explained as follows (Brown & Armstrong, 1999).

2.5.1.1 Individual incentive pay commonly used to attract a person consists of 1) performance-related pay rewards for a person in a form of increasing salary or paying bonuses that connect to performance evaluation which generally corresponds to the agreed objectives. 2) Contribution-related pay is a compensation payment based on the performance evaluation of each individual's participation and the level of competency put to achieve the goals. Payments are paid to each individual directly in forms as bonuses or an increase in salary. 3) Employee and executive share schemes are a form of individual pay for the executive personnel group that is conditions of granting rights to buy shares in a certain period with different conditions in each organization.

2.5.1.2 Team incentive pay is compensation given out directly to a team. The team will internally manage this compensation themself. The method commonly used method is to allocate bonuses according to the team's performance. The bonus may be paid equal to a multiplication of the salary of personnel in the team, each person in the team will then be paid at an equal rate but the amount of money might not be equal. The bonus can be paid in a lump sum of money to the team so that they can allocate money for each member within the team. The bonus can be paid multiple times in 1 year if this form of payment is chosen (Industrial Relations Services, 1995).

2.5.1.3 Organizational incentive pay, the organizational incentive pay is very popular for the executive personnel group. The pay is considered from the performance

at the organizational level. In general, the level indications for the executive personnel group and the organization is similar. The forms of organizational incentive pay that are famous for implemented including 1) Gainsharing gained by personnel who can improve one of the work processes so that it creates differences personnel can benefit from. Famous forms including Scanlon plan, Rucker Plan and Improshare. 2) Profit-sharing is a compensation payment for personnel which corresponds to increases in profit of the organization. Setting a profit race is preferable by setting up a profit increase from evaluations that connects to usual bonuses. The organization can set this up in a quarter or monthly period. 3) Recognition schemes are appropriate recognition schemes on a person who is able to play important roles in motivating personnel to be committed to work for the organization (Bishop, 1987). For example, a study from Rose (2001) indicates that saying "Thank you" for achieving a goal set by the executive is able to motivate that personnel including colleagues so that they can be continuously beneficial in various ways for the organization. Recognition will not motivate people who are not motivated but will be a reinforcing factor for those who are motivated and stimulating confidence among those who are trying to achieve a set goal.

2.5.2 Influential Factors on Allocating Incentive Compensation

Allocating compensation both base pay and incentive pay or other forms of compensation payment for personnel has many factors to be considered. Research from Heneman and Werner (2005) which studies on factors influencing in the compensation determination. They consist of 1) the characteristics of those receive the compensation, 2) the characteristics of those who allocate the incentive pay, 3) conditions on the organizational environment, 4) organizational conditions. These factors influence the compensation determination and incentive pays of the organization which can be summarized as shown in figure 2.5.
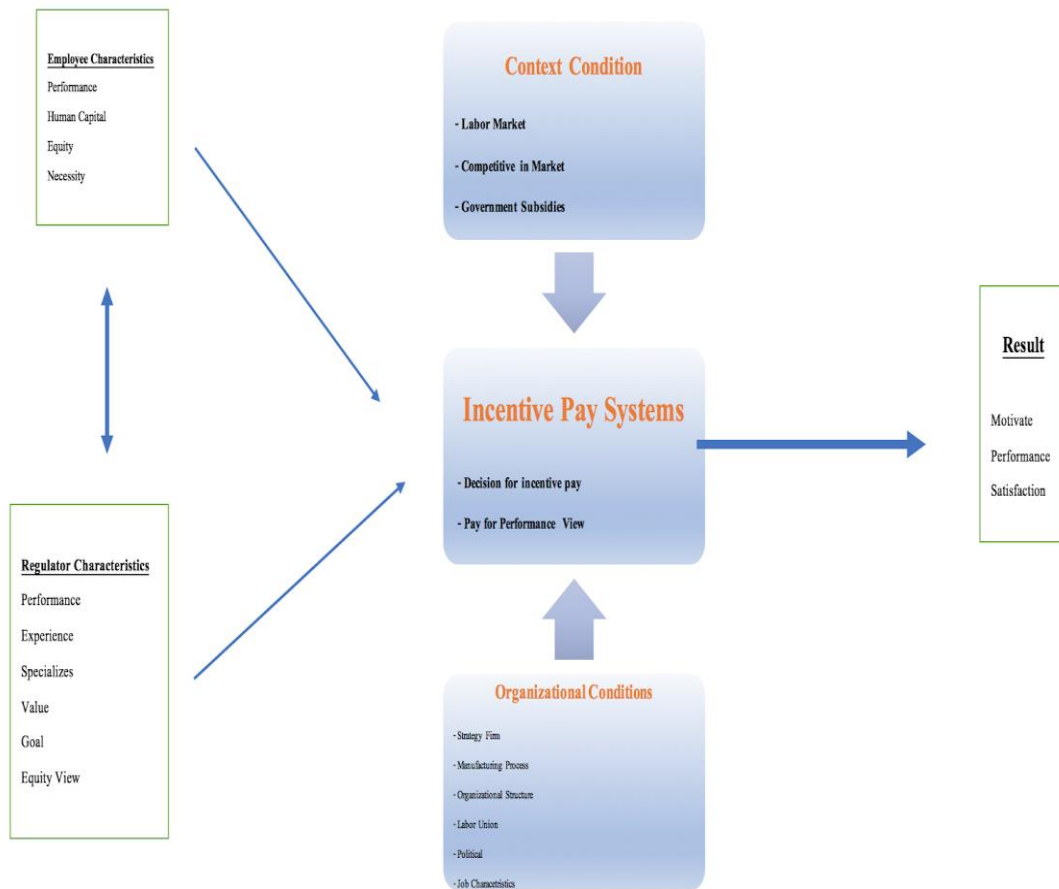
Figure 1.5 Factors Influencing Incentive Compensation Allocation
Source: Heneman and Werner (2005)

For studies on organizational factors, Senasu (2017) proposed opinion on the study of additional factors related to the organizational environment including internal politics and economic factors that may also influence the compensation determination. These factors can be explained as follows

2.5.2.1 Politics in the Organization

Some organizations or some positions in the organization may be related to political powers or being driven in implementing policies in response to politics. This results in increasing base pay or compensation payment may not only base on performance. In such a context, politics means intentional efforts by the allocator trying to expand or protect personal interests in the scope of improper performance appraisal (Senasu, 2017).

For example, even with performance appraisals, but the salary is increased more in accordance with political relationship factors. In this way, politics may become a factor in compensation payment rather than working performance.

Longenecker, Sims, and Giois (1987) indicate that while internal politics (both real and perceived as real) may create problems within the organization and reduce the possibility of increasing compensation, but it should not conclude that politics often leads to abnormalities of performing the duty. In some cases, occurring politics may result in better performance and can stimulate better encouragement. From a study by Lawler (1971), it is found that trust is an important element for giving a reward. But in fact, compensation payment depends on political factors. But the representative of the organization claims it is from the working performance resulting in personnel start looking for other channels such as looking for a new job or requesting help from a labor union.

2.5.2.2 Economic Factors

Rewarding to attract personnel in an organization should take economic factors, which sometimes expand or contract, into consideration which are factors related to current and future econo The analytical units for economic factors need to consider both at the organizational and national levels (Senasu, 2017). Economic factors that should be considered include

1) Economic factors with national influences

Considering the economic factors with national influence represents the sum of financial exchanges in all products and services, there are factors should be taken into consideration including

(1) Stability of the product's price by considering how stable the product's price within their industry groups is, including future estimation so that the information is used for decision makings on compensation management planning both the executives and personnel in the organization. If the organization is in a period of decrease in price stability, it may also affect the possibility of an incentive compensation plan (Cook, 1987). This indicates that during a tight economy, employers might not have much flexibility to raise prices for the product and services. This results in the budget to be allocated for compensation will be limited and increasing compensation for personnel in the organization might not be much. Hansen (2002) has done a survey

on the reduction of budget for increasing personnel's compensation of an organization, it is found that about half of the surveyed companies have issues in attracting and retaining personnel with important skill.

(2) Government wage requirements, these requirements on compensation are in forms of regulations and wage advice. If there are wage requirements, it will affect the laying out of the compensation management plan of the organization. According to a study by E. C. Miller (1979), a survey on compensation regulation is performed. It is found that wage regulations undermine incentive payment based on performance especially when the threshold of the payment is below the inflation rate. Because this kind of regulations limits the compensation management options to only two choices, 1) Increase the number of people who do not receive a salary increase or it can be said that this is a policy planning by awarding only those with outstanding performance in order to reduce the loss of capable personnel. 2) Set a narrow range of salary increases or it can be said that this is a policy planning to increase the compensation for personnel in the organization at a low rate but increase the number of personnel receive it. This prevents the resignation or dissatisfaction of most personnel.

(3) Tax Rates, Cook (1987) has studied the effects of compensation management if the tax rate is changed and found 1) Reducing the difference in the tax rate of normal income may result in increasing the power to purchase of the salary and the real value of the additional salary of personnel will be more due to the government collects lower tax than the additional salary. 2) Tax collecting structure contributes to changes in the composition of compensation resulting in employers are able to move an amount of compensation out of the composition of compensation the employer does not receive a tax deduction (such as direct compensation) to other compositions that the employer can benefit from a tax deduction. For example, employers may reduce the budget size of salary increase to increase the retirement saving money which results in the organization being able to save taxes.

2) Firm-Level Influenced

The study of economic factors affecting the organizational levels will study 2 main elements consisting of government subsidies and the adequacy of the budget as follows

(1) Government subsidies, government subsidies may be subsidy policies in any aspect for every organization or subsidy only some specific industries such as training subsidies for personnel in organizations on digital skills or tax exemptions for start-up companies' group, etc. A study by Bishop (1987) indicates that employers subsidized by the government are likely to increase their compensation and the money used for personnel training can be used in the motivation plan for personnel instead.

(2) Adequacy of Budget is a factor related to government organizations in which the increment of compensation of personnel in the organization must consider the government budget. A study from Miceli and Near (1988) found that compensation definition for the executive personnel group of the government involves the adequacy of the budget. If the government budget is sufficient, it is likely that the executive personnel group will receive higher compensation. In addition, Konmee (2008) studies the relationship between work enthusiasm and the allocation of awards based on the performance of civil servants in Thailand and found that Thai civil servants are satisfied and enthusiastic in performing their work at a low level due to the allocation of rewards based on performance with very low payment rates as a consequence of limitations in the government budget.

2.5.3 The Good Characteristics of Incentive Compensation for Executive Personnel Group

The objective of designing an effective incentive compensation is to attract and motivate personnel so that they perform better in the work than they have ever done in the past (Lawler, 1990) especially the executive personnel group which is the group able to create success for the organization. The design of an effective compensation system for the executive personnel group should have the following characteristics (Milkovich & Newman, 2008)

1) The allocation of compensation must clearly connect to work outcomes. For the executive personnel group, the personal and organization work outcome is similar.

2) Goals or measurements must be set at an achievable level and assess from the current environment of the organization. For setting goals for the executive personnel group, there should be short, medium, and long-term goals.

3) The compensation payment rate must be sufficient to motivate personnel to achieve a set goal. For the executive personnel group, there can be more than payment in financial form

4) The incentive compensation payment system should not be complicated or difficult to understand.

5) The incentive compensation payment system must be transparent and acceptable. The difference in the compensation system between the executive personnel group and regular personnel group should be not by much, for example, bonus payments between employees and the executive personnel group should use the same rate even though the amount of money is different.

6) Incentive compensation payment should be timely and closes to the time when the work was created.

7) Setting goals for the executive personnel group should connect to the strategy of the organization.

2.6 Organizational Theories and Executives

2.6.1 Resource-Based Theory

The concepts on resource-based view emphasize internal factors and the ability of the organization to create competitive advantages by modifying from the limitations of the organizational theory which look at the relationship between the organization and the environment as a loosed coupling and the environment and resources cannot be managed. From resource perspectives, the term "resources" means tangible and intangible objects. Resources with the capability to create competitive advantages should have 4 characteristics, 1) value, 2) rare, 3) in-imitable, 4) non-substitutable (Barney, 1991). The resource-based view proposes that resources of the organization can be divided into 4 types, 1) financial resources, 2) physical resources, 3) human resources, 4) organizational resources. Human resources are considered important among the 4 resources due to their ability to obtain and create competitive advantages (Abdullah, Rose, & Kumar, 2007). The resource-based view is also applied to the human capital management concept including the development of a compensation management system to turn human resources to human capital which will create competitive

advantages for the organization. The resource-based view also proposes that effective human capital management in an organization will create sustainable competitive advantages (Afiouni, 2007).

For resource-based theories that value the ability of the organization and the ability of the executives to manage and acquire resources, it is called resource dependence theory. This theory is developed by Jeffrey Pfeffer and Gerald Salancik who wrote a book, The External Control of Organization in 1978. There are 3 essences of the resource dependence theory (Pfeffer, 2003), 1) the ability to acquire and maintain resources for operations of the organization is a key factor indicating the survival of the organization and the organization will be dependent on others to acquire or guarantee sufficient resources for the organization, 2) the organization has the ability to adapt and manage to acquire resources. Important people for this task are the executives, 3) power and social power are important for acquiring and guarantee of acquisition for resources. This emphasizes the power of the organization and the executives. The executive will set the strategies of acquiring resources based on the level of dependency of acquiring these resources which might not be in symmetry. The strategies to acquire resources (Lorsuwannarat & Lakpetch, 2012). including buffering, escape, dismissing, challenge, attack, co-opt, influences, and controlling.

However, the definition of strategies on acquiring resources has to examine the potential and capability of the organization including the power characteristics of the executives as well. Therefore, for the state-owned enterprises in Thailand, the executive board and the chief executive must realize that skill, capability, political ties or social capital can increase the value of the organization and whether acquiring important resources is an important factor for compensation determination (Combs & Skill, 2003). A study on important factors of compensation determination for chief executives in state-owned enterprises in China found that there are 2 important factors consistent with different compensation levels. They are international experience because it is a skill that executives in both government and private sectors in China are lacking, and political dimension. Because there are many state-owned enterprises in China and resource control is centralized at the government and the Communist Party. That makes acquiring executives with the skill to access resources important (Peng, Sun, & Markoczy, 2015).

2.6.2 The Concepts on Consideration of Organizational Characteristics and Compensation

Consideration of compensation determination for the executive group must consider the nature of the organization. The factors on organizational characteristics that should be taken into the consideration of compensation include 1) task environment, 2) internal system of the organization (Finkelstein et al., 2009). These factors are different in each organization as follows.

2.6.2.1 Task environment can be considered from

1) The differences in outcomes or products of the organization (product differentiability), describing differences in outcomes and products of the organization can be done through the "competitive advantage theory" which describes the relationships between the structure of the industry and the performance of the company. The original goals of the competitive advantage theory are to help to describe an industry that has the competitive capability and considers organizations with outstanding performance within the organization under the concept that if an organization is capable of producing higher products and services than a normal level will result in consumer spending at a lower price. The company tends to have efficient operations and processes, use more innovation in the operations. As a result, the production of products and services tend to use lower cost than companies with lower capability than a normal level. The reasons used to describe the different work outcomes of each organization are the description of differences in the industrial structure with the following characteristics, 1) industrial concentration, 2) barriers to enter the industry. They can be further described as follows

(1) The concentrated nature of the industry leads to different work outcomes, especially when saving on size is needed, meaning if everything is fixed and the company is in a concentrated industry and can produce a large number of products and services resulting in a reduction in costs, this results in reducing economic cost than smaller companies in the same industry which leads to different work outcomes (Scherer, 1980).

(2) Product differentiation helps increase the performance of the company compared with other companies in the same industry. The competitive advantage theory proposes that using product differentiation helps to increase the value

of products and services. These companies like being in a monopoly market for customers who like the product differentiation. Barney and Hesterly (2010) describe that industry competition in product differentiation is known as "monopolized competition" and like many monopolies, these companies can charge high prices than normal. Therefore, product differentiation is a source of more economic profits than usual. In addition, the profits of companies with different products in the industry will attract new players to the industry until the profits of products within the industry began to decrease. Creating product differentiation will be a factor that helps to prevent new players from entering the industry and creating a market into the blue waters (Kim & Mauborgne, 2005).

(3) Barriers to entering the industry are creating competitive advantages in order to create obstacles to new players who want to enter the industry with methods like the economics of scale, product differentiation, cost advantage, the use of government regulations to enter the industry or creating a high cost of entering the industry. If the cost to enter the industry is higher than the company value of a new competitor, the entering to the industry of that player will not occur (Bain, 1956).

2) Industry competition for typical industry structure, the industry can be divided into 5 categories, 1) emerging industries are newly developed industries that have not yet clear working standards. The new market may be caused by technology, changes in consumer behavior. 2) fragmented industries are industries consist of many companies with the spatial distribution and not much different in size. 3) mature industries are industries that have slow growth of consumer demand with the slow growth of players within the market. 4) declining industries are industries with a continued decline in customer demand including the reduction in number or size of the players within the market. 5) world-class industries are prominent industries in the international economy.

To analyze competition in the industry, a widely used model is the five-forces model proposed by Michael E. Porter (1985). This model is used to evaluating the strategic position of the company within the organization and analyze the competitive conditions of the market. By analyzing the pressure from the market in all 5 areas consisting of

(1) Industry rivalry is an analysis of the concentration of competition within the industry such as the number of competitors, strategy characteristic of rivals, strength or weakness of rivals, expertise in the industry of rivals, etc.

(2) Bargaining power of suppliers is an analysis of how high or low resource-dependent levels or factors on business operations between the organization and suppliers, how important of resources, how many suppliers are available.

(3) Bargaining power of customers, how much power customers have to bargain products or services of the organization, what factors customers can create a power to bargain that the organization has to follow such as the number of customers in the market, the channel for products and services purchase, substitution products in the market, the cost to switch to other products or services, etc.

(4) The threat of substitute product or service considers how products and services of the other rivals within the market that can substitute products and services of the organization by considering both the nature of the products and services and the number of products and services.

(5) The threat of new entrances considers how difficult new players can enter the market, for example, considering the government's policies, how high of innovation used in the industry, investment in entering the business, the royalty of customers in the brand, etc.
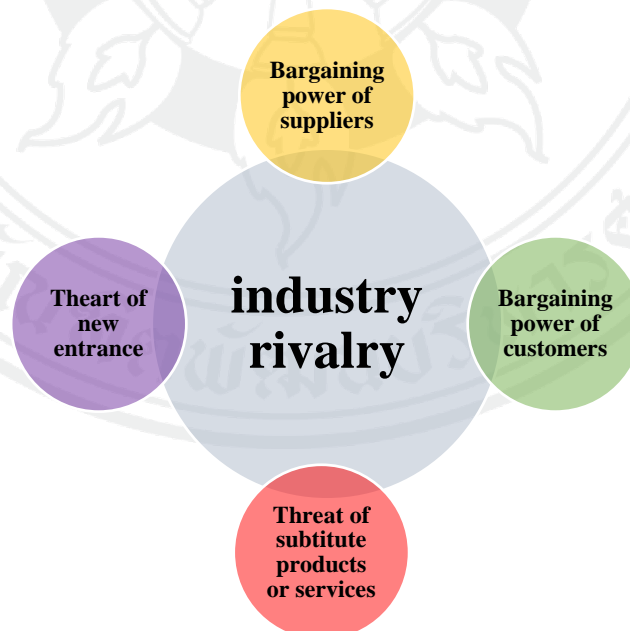
Figure 1.6 Five-Forces Model
Source: Porter (1985)

The analysis of the five-forces model will help the organization to analyze the characteristics of the industry to plan the strategies to reduce the threat of 5 pressures to create a competitive advantage. In the beginning, the strategy definition to reduce the threat of five pressures such as utilizing economic scales, creating product differentiation, taking benefit from creating cost advantage, using planned deprivation strategies, supporting the government in creating discrimination against new competitors (Porter, 1980).

3) Legal constraints, legal constraints can be often described by the "Institutional Theory" which uses the paradigm of organizational theory for interpretation with the view that social reality comes from thinking, manipulating of people within the society in which the interpretation paradigm plays an important role in the organizational theory. This paradigm challenges modern organizational theory which looks at the global society that cannot be understood like the world of nature and the general physical world. But the global society according to the interpretation paradigm will study what is meaningful for people in society. Meaning is the essence of the interpretation paradigm (Hatch & Dvora, 2005). The consideration of the pressure from the rules and regulations can be well explained under the "New Institutional Theory". This was firstly proposed in an article by Meyer and Rowan (1977) which emphasizes the structure of the organization. It considers that the organizational structure is influenced by the "institutional regulations" which are appropriate guidelines for organization management and organizational structure management. The rules and regulations of the institution are part of the institutional environment which varies with culture, branches of the organization group (DiMaggio & Water, 1983) or social aspect (Scott & Meyer, 1983). Meyer and Rowan (1977) considers that by compliance with institutional rules, the organization will be justified and help reducing uncertainty. The organization will also be seen from outside as having reliable systems and structure and ready for liability.

For the new institutional theory, it considers that an organization will be restricted from the external environment, therefore, it is necessary to comply with customs and expectations of the institutional environment to be accepted and for survival (DiMaggio & Water, 1983; Meyer & Rowan, 1977). The organizational behavior from this theory sees that an organization will accept with consciousness rather than resistance which is more like passivity. For the meaning of the "Institution", Scott

(1995) defines that "institution consists of thoughtful structure and activities, what should be done and regular practice that helps create stability and meaning with social behavior. Institutions are passed on in many different ways, culture, structure, routines and operate at many levels.".

According to the institutional theory, level of the institution is divided into 2 levels (Zucker, 1987), 1) organizations as institutions in which institutionalization occurs from emotions, feelings, traditions, and beliefs of individuals in the organization, and 2) environment as institutions means regulations created in the environment each organization follows. If an organization wants to be supported for the legitimacy of that environment (Scott & Meyer, 1983). The institutional environment will be empowered by the government to control, enforce, cooperate in various forms such as rules and regulations, practices, indicators, quality assessment or traditions so that the organizations within the environment follow. Organizations must accept or tend to comply with due to such pressure to increase the flow of social resources and for long term survival of the organization (J. Meyer & Rowan, 1977).

4) Ability to battle with powerful outside forces, for the dimension of battling with external pressure, Finkelstein et al. (2009) divide the battles with outside pressure an organization must face, including:

(1) Battle of acquiring resources both tangible and intangible resources lead to establishing strategies for acquiring resources that contribute to the survival of the organization (Pfeffer & Salancik, 1978). The degree of aggressiveness of resource acquisition strategy will be correlated in the same direction of the relationship level of resources and the survival of the organization (Oliver, 1991).

(2) Battle against pressure from the competitions within the same industry is the battle for the organization to be able to survive in the market. Porter (1985) proposes a sustainable competitive advantage which is a concept in creating competitive advantages using the five-forces model, general industrial structure model, and the concept of creating competitive advantages. To describe, the researcher has already described 3 models above. For the concept of creating sustainable competitive advantages, it is a way to battle with external pressures from competitors within the same industry. Porter has defined that "Sustainable competitive advantage means that the company has superior performance over other companies in the long run". Competitive

advantage can be classified into 2 categories, 1) cost advantage 2) differentiation advantage. Both categories describe positional advantage because they describe the position of the organization either the leader in cost or the leader in differentiation. This leads to the establishment of organizational strategies to create advantages and choose the market whether the organization will choose the target market as wide or narrow. This will help create and maintain the organization's competitiveness. The difference of each industry can be described from the structure of the industry consists of 1) industry concentration, 2) level of product differentiation, 3) barriers to entry. They can be used to consider the competition's severity within the organization. In conclusion, battling with pressure from competition in the industry can start by using the five-forces model in analyzing the industrial structure of an organization. Each dimension of the bargaining power model should be analyzed. Porter then proposes strategies consist of cost leadership strategy, differentiation strategy, and focus group strategy. These strategies are called generic strategies and are used to create competitive advantages (Kim & Lim Y., 1988; A. Miller & Dess, 1993). However, due to the rapidly changing competitive environment, Hambrick (1983) proposes that to create sustainable competitive advantages, "Mixed strategy" can be used without the need to use only one strategy or the activities of an organization such as establishing the automobile industry in Japan in the 1980s under the slogan "Better and Cheaper" to compete with the automobile industry in the United State which dominates the car market at the time. The automobile industry from Japan uses a low-cost strategy to produce cars for sale at a lower price and the differentiation strategy by designing smaller cars, convenient to use, use innovation to save fuel and tend to be in the same direction of the global trend at the time. This makes the automobile industry from Japan able to be successful in selling cars worldwide until these days. Therefore, using a mixed strategy can create success over other organizations as well (Akan, Allen, Helms, & Spralls, 2006).

(3) Battle with pressure from institutions, as mentioned earlier from the view of institutional theory where the environment is institutionalized, describes the environment related to regulation and needs. Each organization must comply if it wants to be supported and justified (Scott, 1987). To be said according to institutional theory, to battle with the institutionalized environment, the organization can do it by "institutional isomorphism" which is a non-choice behavior. The organization needs

to comply without the need to refer to reason or efficiency in any operation. The pressure from the environment according to this concept, attention is given to the impacts of the government, society, cultural pressure. The behavior of the organization is characterized as defensive (Oliver, 1991). For the pressure that causes an organization to behave under an institutional environment, DiMaggio and Powell (1983) commented as follows 1) Coercive isomorphism, which is caused by both formal and informal pressure on the organization. It is caused by cultural expectations in the society in which that organization is located which is driven by the political influence of the authorities that compel other organizations to comply, such as the government or agencies that are authorized by the government which has mandatory power. 2) mimetic isomorphism, since there is uncertainty in the operation of an organization resulting in mimetic isomorphism or when the environment creates symbolic uncertainty, the organization will create a model for the operation by considering other organizations within the same environment or industry. In other words, mimetic isomorphism is done by looking for a successful model or best practice to be used in the business operation. It is believed that it will have the same justification and success (DiMaggio & Powell, 1983) and helps the organization find a solution at a very low cost (Cyert & March 1963). The organization may not need a direct mimetic with this approach, but the aforementioned method has been recognized to bring success to the organization and spread the mimetic process within the same environment and industry. (3) the normative isomorphism is an imitation process which is caused by the pressure of professionalism from a group gathering and defining condition and methods of working under the environment and industry. Professionalism is an important pressure that creates imitation processes in 2 areas, 1) formal education and legitimacy created by experts, institutions, associations, a professional association which will determine the rules and regulations that should be followed. 2) the growth and expansion of the professional network covering various organizations causing the rapid spread of new models. After the imitation process, the organization begins to fall into the institutional process which is comparable to consenting to comply with the environment and industry.

2.6.2.2 Internal Organization System

Determining the internal organization system can be done from

1) organizational complexity, to explain the organizational complexity, the "complexity theory" will be used which is a description of the complexity of occurring phenomena with non-linear, uncertain characteristics and has information feedback (Cartwright, 1991). In the past, the complexity theory was used to solve science and social problems. But later on, it is adapted for organizational theory and organizational strategy (Levy, 2000). Lorsuwannarat (2015) presents the dimension in consideration of the complexity of organizations as follows, (1) the organizational environment, (2) technology used in the industry, (3) organizational culture, (4) power, (5) organizational structure which has differences in size and complexity.

For the complexity theory related to the study that patterns happens randomly to the dynamic and complex patterns of the organization has the following characteristic, (1) each complexity system has its own characteristics, consisting of various factors that interact with each other and have feedback information between these factors. They have dynamic and require adaptation. (2) Each system responds to local information, not broad information. (3) Complex internal interaction is non-linear, cannot be explained by simple logical relationships. Stacey (1996) describes the complexity and competitive environment of a rapidly changing business, saying that an organization should have a complex adaptation system and use the complex theory to lay out the strategy of the business, business development, and new product development.

Axelrod and Cohen (1999) suggests that organizations should use the dimensions of complexity in creating new structure and strategy that is suitable to the complex environment with the following characteristics: differences refer to the promotion of practice and solutions related to decentralization and the executives have to support the interactions between different parties of the organization with the creation and support from the network and the connection within that network and the selection is the creation of appropriate standard and indicators to guide new alternative strategies. The use of complexity theory in explanation will provide insight into the design and management of the organization under the complexity of the environment that quickly changing as the current dynamics. Organizations are looking at a system with complex

adaptations and operate in a non-linear fashion. The executives have to design the forms and practices that are flexible and adaptable.

2) Organizational culture the study of organizational culture appears in the study by Hawthorne Studies in the 1930s using cultural concepts to understand the working environment. Later in the 1970s, studies on culture became more popular. The concept of sociology was applied (Ouchi & Wilkins, 1985). Afterward, the corporate culture concept gains more popularity. Then Peters & Waterman wrote a book called "In Search of Excellence" (1982) which brings attention to the strong culture concept and how it can help promoting work efficiency. In the same year, Deal and Kennedy wrote a book in 1982 called "Corporate cultures: The Rites and Rituals of Corporate Left" which help understand organizational culture how it relates to the environment and job characteristics.

For defining the term "organizational culture", many give different meanings. Overall, the meaning of organizational culture is "culture is a result based on history including schemes, ideas, values, selection, learning, and use of symbols with abstract characteristics and behavioral products" (Berelson & Gary, 1964, p. 644). However, the meaning for a modern organizational culture that often referred to as "schemes of the collective basis which helps to solve external adaptation and internal integration which will be effective enough to be recognized as the right thing so that it is passed on to new members as the correct guideline to perceive, think and feel the mentioned problems" (Schein, 1990). When mentioning the meaning of common context, culture means beliefs or values or principles share within the organization (Schein, 1992) with important characteristics, (1) culture caused by interaction in the organization, (2) culture is shared between members in the group, (3) can be created, learned and passed on to others, (4) consist of objects and symbols (Lorsuwannarat, 2000).

The differences of organizations mean the culture of organizations is also different in both main culture and subculture or cross-culture. For research on organizational cultures, Morgan and Linda (1980) studied the organizational culture and cross-culture. The organizational culture will look at culture as an internal variable while cross-culture looks at cultures as an independent variable or it can be said that organizational culture is a study within an organization and cross-culture is a study between organizations. Studies between organizational culture and the executives are

used in the study under the topic "Changes in Organizational Culture" which is widely studied. The executives want to know how they can change the organizational culture (P. Bavonwattana, 2006), the study found that many modern organizations use recruitment and selecting persons who tend to have the same, new values of the organization which pass through the social refinement process (Socialization), training and a needed definition of custom practices and use attractive processes by rewarding those who follow the custom.

        3) Ability to access resources (resource availability), according to the theory of resource-dependent, it refers to the ability to acquire resources for the survival of an organization (Pfeffer & Salancik, 1978) by considering the relationship between the characteristics of the organization and the characteristics of resources and how it affects the strategy for resource acquisition. When considering the common meaning of the term resources, it means tangible and non-tangible assets that stay in the organization semi-permanently (Caves, 1980). From the resource perspective, it proposes that resources can be divided into 4 categories, financial resources, physical resources, human resources and organizational resources (brand reputation, organizational culture) (Barney,1991; Eisenhardt & Martin, 2000; Ireland, Hitt, & Sirmon, 2003; Morgan et al., 2004; Wernerfelt, 1984, 1995). The resource perspective emphasizes creating competitive advantages for the organization from internal factors of the organization by having unique resources in order to create a superior organizational performance. Resources that can create such characteristics must have the following characteristics, (1) have a value which the organization benefits from the environment and/or threats, (2) rare when considering or comparing with competitors in the market, (3) in-imitable, make a copy will be very costly, (4) non-substitutable. A resource or skill is a strategic substitution for another resource if both can respond to threats and opportunities of the environment at an equal cost (Barney, 1986, 1991). Different characteristics of resources in each industry will affect organizations differently. If resources are centralized or difficult to find, they will affect strategic definition for resource management which tends to be proactive strategies. While if resources are fragmented, the strategies for resource management tend to reduce resource dependency from resource owners as much as possible. The level of proactive strategies to obtain resources will be in the same

direction as the level of resource-dependent (Oliver, 1991). The strategies of resource management consist of

Low				High
Negotiation	Escaping	Challenging	Cooperation	Controlling
	Buffering	Dismissing	Attacking	Influences	
Strategies				

Figure 1.7 Levels of Environment Management Strategy

Source: Lorsuwannarat (2015)

2.7 Concepts for Recruitment and Selection of Executives

Human resources are considered an important factor for laying out strategies for the organization's success and leads to formulating human resources management strategies in accordance with the strategies of the organization (Allen & Wright, 2007). The executive group is considered important for strategic planning and implementing the strategies to create success for the organization (Collins & Clark, 2003; Hambrick, 2007). Therefore, the recruitment and selection of the executives that are suitable for the context of the organization are very important. The literature review of this thesis will mainly focus on the recruitment and selection personnel at the executive level.

Figure 1.8 Type of Personnel at the Executive-Level
Source: E. Meyer, Ashleigh, George, and Jones (2007)

The term "executive group" can be defined in many different ways. Most of which cover roles and responsibilities related to organizational administration and management leaders, leaders of personnel, persons who are related to defining and implementing strategies to achieve the goals of the organization, being persons who receive reports from the executive personnel group, etc (E. Meyer et al., 2007). Therefore, the selection of personnel at the executive level is a very important process for each organization (Hamori & Koyuncu, 2015, p. 23). The personnel in the executive group are considered the group that can create advantages for the organization and the group that influences the organizational strategic drive significantly (Gupta, 1992; Guthrie & Datta, 1998). They determine the direction of the organization, layout rules & regulations, code of practice, customer's needs. These are all reflecting the performance of the organization (E. Meyer et al., 2007). Methods for the recruitment and selection of executives can be divided as follows.

2.7.1 Top Management Succession planning

Top management succession planning is a method practice in many organizations and the practice is being implemented more lately to reduce long term risks of finding personnel at the executive level (Hamori & Koyuncu, 2015). The personnel planned for succession will be trained in skills, job rotation, accumulate experience to be ready

for the future position. However, a study by Williams, Chen, and Agarwal (2016) found that the personnel recruitment to be top management succession is different from the past. In the past, the top management succession planning for the personnel at the executive level is a long-term process and promotion will be done in steps. Promotion to the executive position will be systematic and prediction for the successor is not difficult. While, these days, the form of succession planning is different. Persons who will be in succession will not be an individual so that there is a competition ascending to the position. The selection of successor will be done from notable personnel at various levels. They will be tested in the top management team to see the readiness and skills necessary to be promoted to the executive position without considering the hierarchy and seniority system. Bringing the notable personnel at different levels into the top management team leads to new practices, different ideas which may have positive effects on creating competitive advantages in the time when technologies and sciences change dramatically.

2.7.2 Executive Personnel Search

Since technologies and sciences are developed rapidly these days, it affects the behavior of human living and changing the guideline of practice. Searching for executive personnel for a position also uses different approaches than before. Technologies are being used more as a part of the search.

The process of executive searching is popular since the beginning of 1940 started in the United States and expanded to Europe, Africa, and Asia respectively (N. G. Jones, 1989; Khurana, 2002; Soikkanen, Sormunen, & Stelander, 2015). During the beginning of the era, the executive personnel search is done through human resource recruitment companies (headhunting company) and propose to the executive board for selection (Jenn, 2005; Soikkanen et al., 2015) During the 1970s, there is more headhunting company especially in Finland. The estimated business value of those companies is 60 million euros and it is estimated that there are 4 out of 5 executive personnel recruited by the headhunting business in Europe (Soikkanen et al., 2015). Afterward, the headhunting business continued to expand throughout the world. An important reason that various organizations search for executive personnel group through headhunting companies is that the organization needs executive personnel capable of lifting the

organization to the international level. Because at that time, the business competition model was in the age of production for the economy of scale and the expansion of rural areas including high economic growth resulting in many organizations look at the expansion to the international market. Therefore, it is necessary and popular to recruit executive personnel that is professional can lift the organization to the international market (N. G. Jones, 1989; Soikkanen et al., 2015). Moreover, searching for personnel through a human headhunting company is famous within specific skilled personnel. Searching personnel through a headhunting company is famous for industries such as financial businesses, health-related businesses, manufacturing businesses, etc (Automotive Energy Supply Corporation, 2017-2). Today, searching for executive personnel through headhunting companies is still a channel being used.

However, from the development of technology and science, searching for personnel has more channels nowadays. The popular method today is electronic personnel searching (e-recruitment). Searching for personnel through the electronic system and the internet will help reduce process and time more than in the past (Feldman & Klass, 2002). The introduction of technology for searching personnel has become increasingly popular since the year 2000 through the internet and social media search which is a part of the "e-HRM" system (Stone & Duhlebon, 2013). It begins with an announcement for applicants via job recruitment relate websites. In terms of finding executives, it can be considered as a more effective "Candidate Pool" development. Until recently, an important channel for personnel search from normal level to executive level is often via "LinkedIn", a popular personnel search platform now (Arjomandy, 2016). In practice, technology becomes part of the searching and selecting process for personnel which helps reduces communication time, information transmission, related monitoring processes (Holm, 2012). But in academics, there is a need for supported research which is still limited (Strohmeier, 2007) and there is no research confirming that using the "e-HRM" system will help the number of personnel working more efficiently (Stone, Deadrick, Lukaszewski, & Johnson, 2015).

2.7.3 The Executive Personnel Search Processes

The process of searching for executive personnel group generally has 3 groups of people involved, consisting of customers or organizations that need personnel (the

client), consultant company on personnel recruitment (the consultant), and a group of candidates. Searching for personnel in the executive group is mostly done through human resource recruitment companies. Customers or organization that need personnel will provide qualifications they need for the executive position so that the recruitment consultant company can search and recruit suitable personnel and when they found the most suitable person, they then propose back to the organization requested for the personnel for consideration in accordance to the internal recruitment and selection process (Soikkanen et al., 2015).

The personnel search process for the executive personnel begins with an analysis of the general condition of the organization, risks of the organization, job characteristics, analysis of risks for the candidates if they move in, the suitability of taking a new position, risks of changes within the organization during the recruitment process. The recruitment for personnel in the executive group will take longer than general recruitment (Soikkanen et al., 2015). Afterward, it will enter the identification process for the group of applicants that fall into the recruitment process and the agreement drafting related to the applicants and the organization. After the executives have been selected into the organization, the consultant company will follow up with the work for another 1 2 months. The recruitment process for personnel in the executive group can be summarized in the figure below:
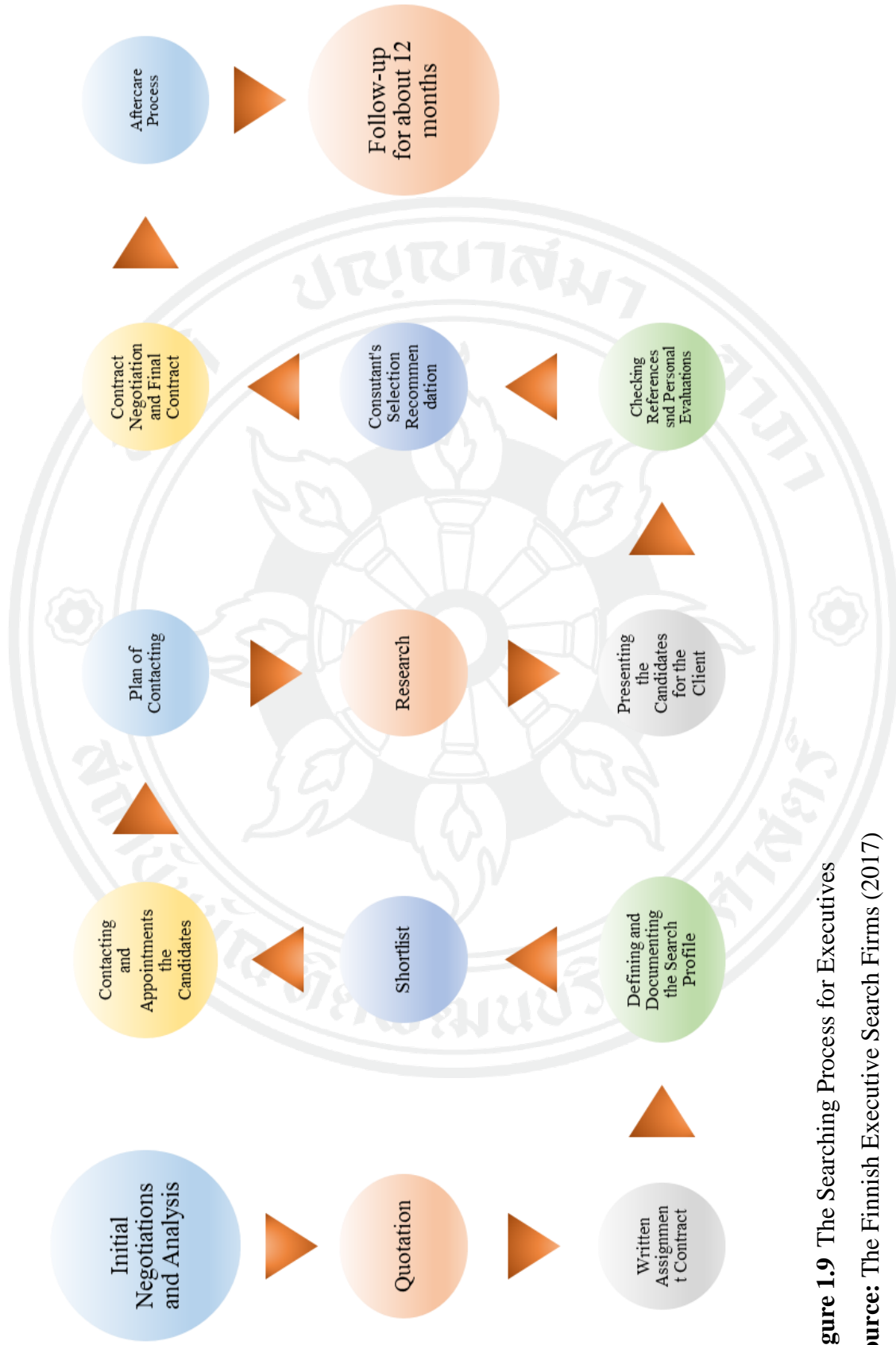
Figure 1.9 The Searching Process for Executives

Source: The Finnish Executive Search Firms (2017)

2.7.4 The Selection of Personnel in the Executive Group

Recruitment means practices of the organization in acquiring potential personnel as needed (Barber, 1998) which is related to the selection. Selection will select the most potential personnel from all candidates to the position (Orlitaky, 2007). It can be said that selection means choosing the most suitable candidate for the job (Robert, 2005). The recruitment and selection process is considered one of the processes under human resource management which is important for the performance of an organization. For the recruitment and selection of executives, Holm (2012) conduct a study of the process for selection of executives starting from anticipating the need from the candidate in the position, specifying the scope of the job, developing the pool of candidates so that the organization has a suitable choice, assessing the candidates, identifying the person who is suitable for the position (closing the deal), auditing and reviewing before start working.

For the decision process of recruitment and selection of executives, it is important for the candidate pool to receive sufficient information both from the documentation process, interviewing including practice trails (Torrington, Hall, & Taylor, 2008). The decision-making process should not be done in a too short period of time to prevent any mistake in the selection of executive personnel since this is an important position and directly affect the performance of the organization. Robert (2005) proposes on mistakes usually happen during the selection process of the executive personnel, for example, focusing too much on one criterion and abandon other important criteria for the executive position. Stereotyping refers to an oversimplified image or idea of sex, education, value, social status, prejudice errors in the selection process that might relate to the recruiter, candidate pool data collector, errors from the consultant company who recruits and selects the candidate pool for the organization or bias on sex, race, social standpoint, etc. For the recruitment and selection of executive groups, Hollenbeck and Jamieson (2015) focus on considering candidates who have good connections. The candidate pool can be considered from both internal and external personnel which can heighten the level of organization and heighten personnel potential of personnel in the organization.

2.8 Concepts of Human Capital

Concepts on human capital are the idea that developed from economic concepts that are used to describe the differences in compensation payment that differences in human capital create differences in compensation. Theodore W Schuktz is the first person who defines the term which describes how investment in the well-being of employees in the organization both compensation and emotion (Schuktz, 1962). The term human capital refers to emotional capital, social capital and intellectual capital (Vechayanont, 2008). The human capital of executives consists of expertise, knowledge, experience, skill, and reputation (Haynes & Hillman, 2010) which relate to the performance and work outcome of the organization.

For Thailand, the term "Human Capital" first appeared in 2001 (Thamrongsak, 2007). The concept looks at capable human resources as an asset for investment. It can create added value for the organization. Human resources are therefore the most valuable asset of the organization among all primary production factors including man, money, material, and machine (Suksriwong, 2006). This concept on organizational management is different from the past which looks at humans only as expenses and should be controlled with hierarchy or regulations. Otherwise, the organization may be rendered inefficient. In conclusion, human capital refers to knowledge, skill, capability, and experience in humans since they were born and from learning. In addition, it may include tacit knowledge and explicit knowledge of humans. If an organization has high capabilities in human capital, it can lead the organization to its success according to its determined goals.

Becker (1964) mentioned human capital that human capital is like a physical means of production as factories or machines. Human capital can be invested through the human resource development process such as education, training, various skill development. Parts of output within the organization depends on the rate of compensation for human capital. Therefore, human capital is a form of tool for production. If there is more investment, the organization will receive more outcomes. Human capital can be classified into, specific human capital refers to skill and knowledge that is beneficial to specific industries. It is necessary to have skill, knowledge or experience directly related to organizations or the industry, and general human capital refers to general

human capital that will benefit every organization or industry. Davenport (1999) classified the composition of human capital into capability which consists of knowledge, skill, and personal ability, behavior, and effort. For the 3 characteristics, when combined with the 4th characteristic which is time, a model that shows the relationships in each composition can be described in figure 2.9.
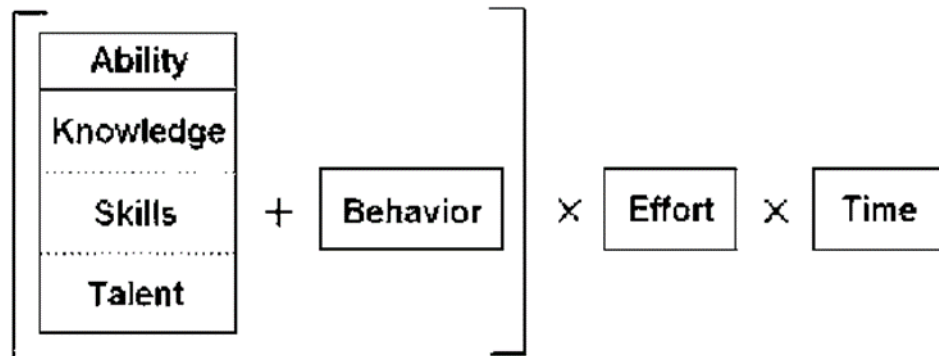
Figure 1.10 Human Capital Equation
Source: Davenport (1999)

From the above diagram, Davenport defines the meaning of each variable in the human capital equation as follows:

1)   Ability refers to expertise in the activity or job set. It can be divided into subsection as follows

Knowledge is the expression in a form under the scope of work intellectual, ability to understand, analyze, interpret in a mission that a person is performing. To be successful in the work, it is necessary to have various knowledge related to the work including main knowledge and other knowledge combined.

Skill is the expertise that comes from performing repetitive actions with correction and accuracy as criteria for consideration such as the use of muscles or the strength of the body to perform the task and achieve the mission.

Talent is the characteristics for performing the work carried on by nature. It can be trained to be more fluent and skilled.

2)   Behavior is an expression that can be seen and observed. Behavior will reflect the values, beliefs the person has and practice.

3) Efforts are to bring both the physical and emotional resources of a person to dedicate until the mission is successful. Efforts will drive the person to bring knowledge, skill, talent to fully utilize.

4) Time, the economists usually separate the factor of time from the definition of human capital. Because it is not within the human mind or body. But time is still a resource under a person's management.

2.8.1 Principle on Human Capital and the Human Capital Equation

Accumulation of human capital is composed of individuals and can increase productivity for an organization or an owner. If considering the marginal product of each personnel which is assumed to be equal to wages. It can formulate a function as follow.

L refers to the working hour of each person

H refers to the total amount of every human capital produce

C refers to other abilities that have positive and negative influence the production performance

These characteristics are the ability of the personnel which depends on the personality and training of each personnel. These compositions are basic composition. Composition C influences the performance and efficacy of (L) and (H). Composition (C) can be modified and developed through human capital investment (H). The time value used by personnel is defined by the quantity and quality of the human capital (h1, h2, …., hn) and the ability characteristic (c1, c2, ..., cn). Both factors mentioned highly influence to L. The equation can be shown as follows (Griliches, 1979).

Equation 1:

$$MP = F [L; (H, C)],$$
$$H = (h1, h2 ……. hn) \text{ and } C = (c1, c2 ……. cn)$$

Equation 1 shows a person invests in themself by accumulating capital in many ways such as from formal educations. The creation of knowledge and information to

increase the performance for the owner which influence human capital in terms of generating income which can be shown in Equation 2

Equation #2

$$E = B + R - K$$

E is true net income

B is the standard income

R is the base compensation of the person's human capital investment

K is the personnel cost

Equation 2 can describe the true net income (E) for people who invests in human capital is equal to the standard income plus the base compensation of the person's human capital investment (R) minus by the personnel cost. A reasonable investment in human capital will be done until it reaches a point of marginal returns equal to marginal costs, for example, if the accumulation of human capital is unable to increase income for the investor. In general, costs and returns occur at different times. For investors, it is reasonable to use a discount rate that is suitable for the difference in time and cost of capital by evaluating the fash flow received and comparing it later. The concept shows the willingness for the trade-off between income from the business and investment in human capital for future profits (Mincer, 1974).

There is also an extension equation of Equation 1 which defines the role of components of intellectual capital (IC) as a subset of H from Equation 1, which is [H = HC + IC]. This equation separates between the differences of general human capital and specific human capital. For general human capital, it increases the productivity of the owner in general organizations while specific human capital can increase the productivity for a particular organization. Intellectual capital consists of a group of factors that act together, support each other, and can increase productivity for the owner of many organizations and professional fields as Equation 3 (Griliches, 1979)

Equation 3:

$$MP = F [L; (HC, IC, C)],$$

when HC = (hc1, hc2 …, hcn), 1c = (ic1, ic2 …icn)
and C = (c1, c2,…. cn)

Human capital has special characteristics called complementary or factors that help bring completeness. Therefore, if important components of human capital are missing, it will result in other capabilities be prevented from raising and impacts occur, the return from the intellectual investment will also decrease or become negative as well. This is considered as an important issue. It also very difficult to assess due to identifying human capital is also very difficult (Vechayanont, 2011). According to studies, it is found that this human capital appears in the personnel, for example, the number of years spent in education, the amount of time used for a task which is different for each person and the purpose of investment which can be shown in Equation 4.

Equation 4:

$$mp = b1L + b2(L * HC) + b3(L * IC) + b4(L * C) + b5(L * IC * C)$$

in which L will interact with HC, IC, and C and in addition, these components will interact with each other.

Complementary is a special characteristic of intellectual capital and stand out more than other human capital and is very important for an organization as shown in Equation 5

Equation 5:

$$MPic = a1ic1. a2ic2, …….. anicn$$

by ic1 $\geq$ ic1 * , ic2 $\geq$ ic2 ,…………, icn $\geq$ icn *

Equation 5 shows the complementary relationship between various intellectual capital factors. The ability to increase the productivity of intellectual capital (MPic) is determined by the multiple relationships of intellectual capital. The complementary of each type of human capital will increase the size and capital stock accumulation level. For this reason, the more people received formal education or the more there is development in intellectual, the person will have more accumulated intellectual capital and return from the investment will also increase as well.

2.8.2 The Perspective on Strategic Human Resource Management

Strategic thinking has long been developed. It started from military-related operations which use the term strategy meaning command by the military. Mintzberg (1987) defines the term strategy as follows.

1) Strategies are plan for a course of action as intended. It is a guideline to manage various locations. From the meaning of strategy, there are 2 types of them, defining strategies before the action occurs and develop strategies as actions consciously and purposefully

2) Strategies are ploy which is intended to defeat opponents or competitors with intelligence.

3) Strategies are pattern which is consistent regardless of intention or no intention. This pattern may occur without thinking in advance.

4) Strategies are positions and means, strategies are the medium between the organization and the environment

5) Strategies are perspective. Strategies are like perceiving to the outside world. From the meaning, strategies are the propagation of the personality of the organization to each member in the organization like a collection of ideas together.

6) The meaning of the term strategy according to the Oxford Dictionary is (1) The art of war, (2) organizing an army for war, and (3) mobility of an army to an advantageous position or stronghold. The strategy planning for an organization should consider the relationship between context, environment, and the organization's structure so that it leads to the change management on risks and uncertainties in the future. This is considered the key to strategic planning.

The strategies on human resources (HR Strategy) are considered part of the organization's strategies to integrate relationships, create consistency in the working process of each level within the organization both vertical meaning the relationship between human resource development strategies (HRD Strategy), overall human resources strategies (Overall HR Strategy), and the organization's business strategy, and horizontal relation meaning the relationship between the human resources strategies and various activities within the organization, such as the strategies on personnel recruitment and the personnel contexts in the organization, and competition in personnel recruitment of the external labor market (Armstrong, 2006).

Figure 1.11 A Linear Strategic HRM Model
Source: Armstrong (2006)

For the term human resources management strategy, Armstrong (2006) defines the strategies for human resources management are plans and intentions of the organization to achieve business goals by relying on people as an important factor and must take these 3 proposals into consideration.

1) Human capital is a key factor in creating competitive advantages.

2) To apply the strategies into practice, people are an important factor.

3) It is a systematic approach between goals and operations to achieve the goals.

Kearns (2003) suggests that a true human resources strategy must be able to improve the performance of the organization. It must create value for the organization in addition to the business strategies and must be able to increase the ability of each individual so that it adds value to the organization. It must be routinely embedded in the way of thinking, behavior and the work of personnel and there must be a responsible person to report the progress of the work to the executives. Moreover, if the strategy is a true strategy, it must clearly influence the success and failure of the business strategy. The term strategy is different from policy. Strategies mainly focus on the procedure of the operation and only provide brief guideline or suggestion in the operations (Vechayanont, 2011). D. Guest (1989) proposed the 4 goals of human resource management strategies as follows.

1) To integrate within the organization (Integration)

2) To create relationships (Commitment)

3) To create flexibility and adaptability (Flexibility/ Adaptability)

4) To create quality (Quality)

During the year 1992, Wright and McMahan proposed 6 models on strategic human management which was published in the Journal of Management including

1) Resource-Based View (RBV) Theory

2) Behavioral Perspective Theory

3) Cybernetic System Theory

4) Agency / Transaction Cost Theory

5) Resource Dependence Theory

6) Institutionalism Theory
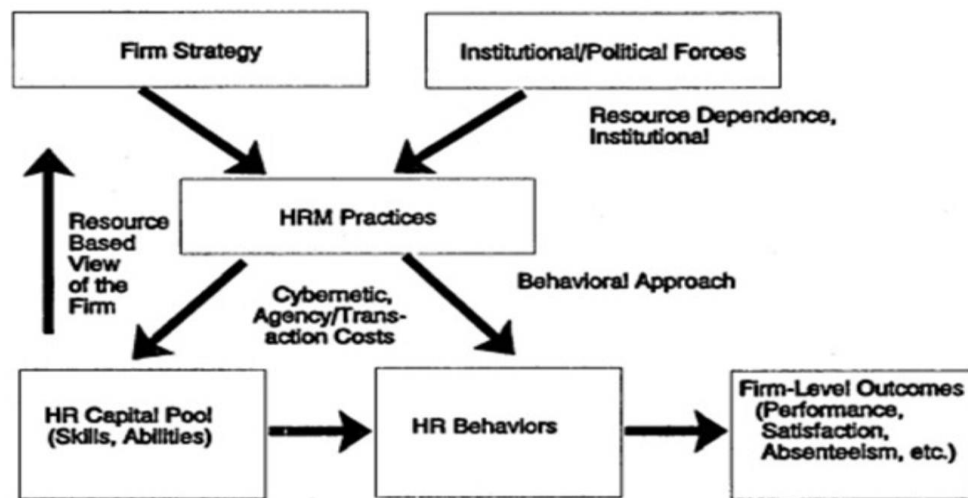
Figure 1.12 A Conceptual Model of Theoretical Framework for Studying SHRM.
Source: Wright and McMahan (1992)

2.8.3 Resource-Based View (RBV) Theory from the Human Capital Perspective

The foundation of the Resource-based View (RBV) theory is based on the economic principle by Edith Penrose (1959). This principle focuses on creating business competition, profit-seeking, create advantages for the organization by emphasizing the "Black Box" meaning confidential matters which create advantages for the organization. Organizations must create a black box themself so that other organizations do not have it. For a study related to RBV by Penrose, at first, physical resources will be separated from human resources and it is found that RBV is a factor that can describe the root cause and the source that helps the organization to gain competitive advantages over competitors.

In addition, the Resource-based View (RBV) theory also focuses on differences in organizational resources of each organization. In the past, laying out the strategy to create advantages for the organization would focus on the environment of different industries. The organizational resources can be classified into 3 categories

1) Physical Capital Resource such as factories, equipment, tools, technologies, and the location of an organization.

2) Human Capital Resource such as skill, decision, the intelligence of a person.

3) Organizational Capital Resource such as organization's structure, system, planning, control, coordination, and communication.

The Resource-based View theory has proposed the resources that can create a sustainable competitive advantage for the organization must have the following components.

1) Resources must be able to create additional value to the organization. The value can be shown in better financial or greater performance on the operation of the organization.

2) Resources must be rare such as specific expertise, ability to learn of the person, etc.

3) Resources must be difficult to replicate. If the resources can be replicated by other organizations, it will not create competitive advantages for the organization. The resources will be hard to replicate if they are casually ambiguous or the replica cannot be clearly identified and is socially complex. If the resources have such characteristics, it helps create synergy in bringing advantages and difficult to replicate.

4) Resources must not be substitutable. In the view of human resources, the personnel must be valuable and skilled so that the organization has to spend a long time creating a replacement person.

The motto for the RBV theory considers resources to be different between organizations (Resource Heterogeneity) and will remain within the organization (Resource Immobility). The concept of strategic management in the past looked at resources to be indifferent between organizations because they can be moved between organizations and can be recreated. The term sustained competitive advantage will occur if no other organization can replicate some advantages created by the organization such as innovations or technologies called "Black Box" or when other organizations have tried to replicate but unable to do so. In the end, all efforts on replication will run dry. The aspects of RBV theory on human capital focus on 2 matters (Flamholtz & Lacey, 1981),

1) Knowledge, Skills, Abilities (KSAs), the organization must find competencies related to knowledge, expertise, and capability of members and emphasize on the level of personal capabilities than the operation and internal processes of the organization.

2) Employee Behaviors, the behavior of personnel within the organization will create more value for the organization.

As mentioned above, the criteria on resources that create sustainable competitive advantages for the organization must consist of 4 criteria, valuable, difficult to find, difficult to replicate, and difficult to find a substitute. If these criteria are used to consider each criterion of the human capital concept, it can be described as follows.

2.8.3.1 Human Capital Resources as Human Valuable

Steffy and Maurer (1988) propose a firm-specific human capital theory that can create value for the organization. Since both demand and supply of organizations are different meaning that, for demand, works are diverse and complex. In terms of supply, it is diverse both in type and the level of knowledge, for this reason, it creates value for the organization. Boudreau (1983) proposes a method on financial values evaluation that the human resources create for the organization as follows

$$\textbf{Utility} = \textbf{[(N) (t) (r) (z) (SDy)]} - \textbf{C}$$

Where	N	is	the number of employment time
	t	is	the average duration of employment
	r	is	the correlation coefficient during the selection test and the performance
	z	is	the average standard score obtained from predictions of employers
	SDy	is	the standard deviation of the operation. In the value of the United States dollar
	C	is	the cost of the job selection system

This equation needs to show that the high value of human resources of the organization will result in higher financial value as well. The term financial value can be seen in two ways.

1) Sale value means value added in the production process by the human resources within the organization

2) The ability to replace the lost human resource (Human Resource Pool) can be calculated into a number. The value of replacement capability will directly increase the value of human resources and transfer that value to the organization, for

example, hiring 1 personnel to set up a system of reducing the workforce of 10 personnel, etc.

2.8.3.2 Rare Human Capital Resources

For jobs that require skills, experience, expertise, or specialized capability, it is necessary to recruit quality human resources to oversee the jobs which are not simply substitutable. Although human resources have different characteristics, one important characteristic that is difficult to find is "the ability to learn" (Cognitive ability). If the differences in the cognitive ability of human resources can be identified, it helps understand the changing relationship of the operation of each person. Hunter and Hunter (1984) conducted a study and found positive relationships between cognitive ability and work performance. Snow and Snell (1992) found that cognitive ability depends on the ability to learn and adaptability including the ability to be flexible in an operation. The cognitive ability is a fixed and stable characteristic, has a normal distribution in the population. For the group with a high level of capability, they are the personnel that difficult to find. If any organization has the average value of cognitive ability at a high level, it results in a high human capital as well which is also consistent with a high investment in human resources of the organization (Jenson, 1980).

2.8.3.3 Inimitable Human Capital Resource

Being a human capital that is difficult to imitate means it is difficult for competitors to identify the human capital of each person or difficult in creating skills, knowledge, specific characteristic of human capital even in the same competitive environment or the same industry (Barney, 1991). In the organizational dimension that can identify the component of human capital, it can be done through a unique history, casual ambiguity, and social complexity of the organization. For an organization with a distinctive history of cultural development and creating its own norm within the organization, it is competitive advantages that are difficult for competitors to imitate.

For casually ambiguous, it prohibits competitors from creating relationships or connections completely. The source of casual ambiguity may be a characteristic of human capital which is expressed in the form of products of team production which consists of many human resources and cannot be distinguished as the work of any individual because it is the aggregation and cannot be clearly identified which person is the actor. This results in competitors being difficult to imitate the characteristics of

the team of the organization. A study from Parmenter (2007) conducting on companies related to automobile production, it is found that there are creations of casual ambiguity by distributing important components of automobile production to each team and each team has similar importance in automobile production. As a result, competitors cannot identify or create relationships of innovation being used in automobile production by identifying an individual or a team. If competitors want to replicate, they cannot either buy one or another personnel or team as well. Because the components of success are already distributed to personnel or teams of the whole organization.

Social complexities will clearly affect the creation of competitive advantages. These complexities are caused by the exchange of meaningful relationships of people within the organization, for example, the relationship between the organization and customers, the relationship between the organization and resource providers to create advantages. These are things that have built relationships and trust for a long time.

2.8.3.4 Human Capital Resource as Non-Substitutable

Human resources are considered one of the resources that have potential and never out-of-date, cannot be transferred through technologies even though it has changed very rapidly. Human resources can be trained, developed and learned if the skills on learning are created. The characteristics of human capital may be substituted by existing technologies or innovations in the short-term but the short-term substitution cannot lead to sustainable competitive advantages, for example, the organization may have technologies or innovations in place of humans and create competitive advantages in a period of time. But in the end, competitors will be able to buy such technologies or innovations eventually. If the organization is able to create characteristics on human capital related to the development and adaptation of existing technologies and innovations to the organization's context to increase performance, this will result in the value of the organization will be at the human capital of the organization and cannot be substituted. Therefore, if an organization is able to create human resource characteristics as human capital with the following components, valuable, difficult to find, difficult to replicate, and difficult to substitute, then it will result in the organization tends to be able to create sustainable competitive advantages. Lado and Wilson (1994) identified 4 competencies in the context of strategic human resource management and will be competencies that can create sustainable competitive advantages with details as follows.

1) Managerial Competencies is the unique ability of leaders in the organization to innovate strategic visions and convey it to make members aware of such visions and be able to create a suitable environment and atmosphere in the organization for implementing the organization's strategies.

2) Input–Based Competencies are physical resources that are capital for the organization, human resources, knowledge, skills, and other competencies through the management of strategic human resources. It results in the organization being able to manage and recruit personnel with the necessary knowledge, skills, and capabilities for achieving the organization's goals and be able to recruit suitable personnel within the organization to be able to take positions within the organization. In addition to obtaining persons with suitable knowledge, it is also possible to create a system for personnel development so that the personnel has characteristics consistent with the needs of the organization

3) Transformational Competencies are the competencies of the organization to adjust according to input factors so that the result gives the organization sustainable competitive advantages. These competencies can be achieved by the following factors.

(1) Innovation, there are developments of new goods and products so that the organization can respond to more customer's demands which bring advantages to the organization.

(2) Entrepreneurship is something that is hard to replicate, therefore, it is considered as a strategic asset.

(3) Organizational Culture is considered as an important strategic asset. Because it helps increase the ability to gain profit for the organization and helps reduce uncertainty. In addition, it also helps to guide personnel behavior within the organization in the same direction.

(4) Organizational Learning is able to help provide opportunities for personnel within the organization questioning and reviewing the standard of operation which will result in continuous development.

(5) Output-Based Competencies are the ability of the organization in creating reputations, images, and credibility of products and services resulting in

the customers being more loyal and do not change to use competitor's products and services. This characteristic is difficult to replicate.

Vechayanont (2011) suggests a perspective that the Resource-based view theory is the most influential theory for determining human capital strategies and strategic human management. This theory can be used to determine strategies and show competitive advantages in the dimension of human capital and the organization thinks of ways to preserve valuable resources with the organization. This concept is different from the traditional strategies which looked at advantages over competitors of an organization that come from external factors. By focusing on human resources as sources for creating competitive advantages, the RBV theory is gaining more interest and popularity lately. However, there are some weaknesses for RBV theory according to Vechayanon's perspective (2011) as follows.

1) According to RBV theory, advantages only occur when there is no organization with 4 human resource characteristics, they are valuable, difficult to find, difficult to replicate and difficult to be substituted. In reality, all these 4 characteristics are very difficult to find.

2) The perspective of RBV theory neglects external factors such as pressures from the market affecting a product. In fact, external factors are also pressures and affecting human resource management within the organization.

3) The perspective of RBV only provides a big picture of what suitable resources are. It does not explain how the resource can create efficacy.

Research by Richard & Johnson (2001) conducts a study on the banking business group. Banking business group is considered as a stable business but highly competitive. Moreover, the banking business is also disrupted by changing technologies such as the rising of ATM use, the internet and computer system are brought in for operations, changes in regulations to create flexibilities in management. These changes result in changing of human resource operation in accordance with business strategies of the bank to create competitive advantages in which each bank devise different strategies. In this study, the researchers have considered how the effectiveness of strategic human resource management will affect the outcome of the organization by using the resource-based view conceptual framework as a tool for the study. The study has the assumption that the effectiveness of human resource management will have a direct relationship

with the outcome of the company. Companies with a high level of effectiveness of strategic human management will have a higher company's outcome. The effectiveness of strategic human resources management and the organization's investment focus will have positive influences on the effectiveness of the outcome of the organization. The researchers divide the effectiveness of human management into 2 types

    1) Technical HRM Effectiveness relates to the process for human management such as recruitment, selection, etc.

    2) Strategic HRM Effectiveness relates to the creation of responsibility on human resources through innovations within the organization, teamwork, flexible use of human resources, empower personnel within the organization, etc.

    The result of the research shows positive relationships between the effectiveness of strategic human resource management and the performance of the organization. In addition, it was also found that the effectiveness of human resource management has a significant negative impact on the staff turnover rate. There was no significant relationship with productivity and ROE (Return of Equity). Moreover, it was found that the effectiveness of human resource management and the focus of the organization's investment are influential to the overall effectiveness of the organization through positive interactions.

    In addition, the researchers tested the hypothesis and found more information that supports the hypothesis. An organization with the high efficacy of strategic human resource management will have positive performance outcome and the effectiveness of human resource management can explain changes in personnel resignation rate up to 9% which shows an effective human resource management system within an organization relates to the reduction of personnel resignation rate. However, the organization's strategy which focuses on the investment of the efficacy of human resource management does not influence the resignation rate. The rate of resignation may result from human resource policies in which personnel's behavior does not depend on the goals and objectives of the organization. This research is consistent with Koch and McGrath (1996) which found that matching of human resource management and investment-focused strategies will increase production bu human resource management does not have a direct influence due to the efficacy of teamwork operations, delegation, and employee's involvement will decrease productivity in the short-term because of

staff migration but will be effective in the long run. Creating efficacy in human resources has to take time and investment which affects the organization's profit in the short term. But when being used in conjunction with effective operational strategies on human resources, it can help improve the performance of the organization in the long run. It will affect a part of the work outcome directly while other parts may not be directly affected. This research also supports a guideline called "Best Practice" (Vechayanont, 2011).

2.8.4 Theories Related to Behavioral Perspectives

Theories related to behavioral perspectives are based on the theory of contingency which is one of the organizational theories. The term contingency means "depending on situation or event". Donaldson (2001, p. 7) provides a definition "any variable that increases or decreases (Moderate) effect on the characteristics of the organization or the performance of the organization". Jones (2001, p. 10) has defined "Efficacy of an organization's structure or strategies depends on the existing or non-existing of other factors." In addition, the contingency theory is also an important ground for the "Structural Contingency Theory" which believes that an organization with internal components in accordance with the needs of the environment will be best adapted or have the best performance and there is no one best way to manage the organization (No one best way to organize) (Galbraith, 1977). There are differences between the theories of the classical era which suggested that there is only one best way for organization management (One Best Way). An organization with the best outcome is a result of forming a formal organizational structure and be fully specific expertise (Brech, 1959 as cited in Donaldson, 2001) or proposing that the performance will be most effective if most people are involved (Likert, 1961).

The contingency theory disagrees with finding the only one best way but considers the outcome is a result of making various variables of the structure consistent (fit). Most works related to the structural contingency theory focus on studying the structure of organizations (Donaldson, 1995; Lawrence, 1993). The term coherent (fit) will look at the consistent of the organization's structure and the external environment, for example, if the external environment is stable, the organization's structure should be like a machine. If the external environment changes frequently, the organization's structure should be

like a living organism. The consistency between the organization's structure and other subsystems of the organization such as strategies, technologies, size of the organization must be consistent with the organization's structure (Lorsuwannarat, 2015).

The theories concerning the behavioral perspective will focus on adjusting the behavior or role of the needed personnel (Needed Role Behavior) in accordance with the characteristics of the organization or business through the process of providing information about the desired role (Role Information) and the process of human resource management within the organization (Wright & McMahan, 1992). Since personnel is a mediator between strategies and performance, therefore, strategic management is different in each organization according to different contexts and environments. Measurement or assessment of strategies should consider the behavior of personnel. The principle theories related to behavioral perspective will emphasize role behaviors more than skill, knowledge, and ability (KSA) of human resources.
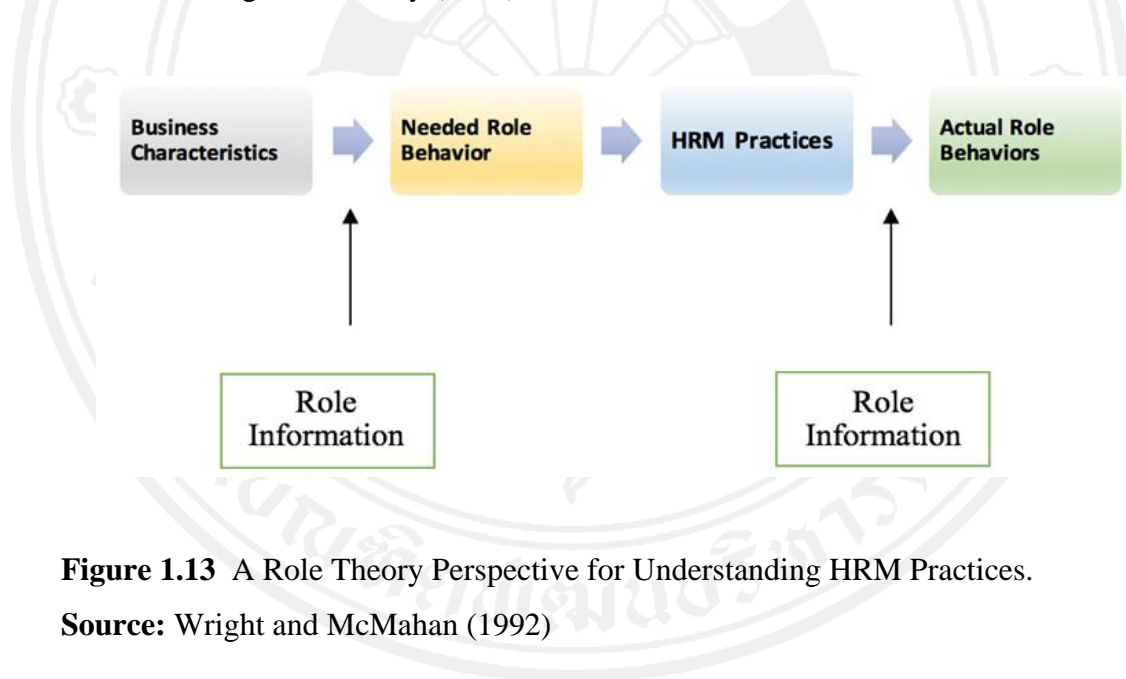
Figure 1.13 A Role Theory Perspective for Understanding HRM Practices.
Source: Wright and McMahan (1992)

Vechayanont (2011) provides a theoretical view of the behavioral perspective that the theory is like the concept of competency. Because to be able to determine strategy and being able to drive the strategy effectively, the organization must be able to determine the behavioral framework that is consistent with the role of employees in each position. The limitation of this theory is that defining an employee's behavior can be done in

theory but to be able to make people behave according to the competency model forever is difficult.

2.8.5 Framework for Measuring Human Capital

Although human capital is an intangible asset, there have been efforts to collect information on human capital in the accounting process of companies (Flamholtz, 1985) including an index of human capital listed in the annual report (Johanson, Ahonen, & Roslender, 2007). Later the framework for measurement and report on the human capital process has developed respectively. One of the ideas to present the information on human capital which cannot be seen in the balance sheet is the compatibility between market value and the accounting of the company (Johanson et al., 2007) which cannot be included in the balance sheet.

The measurement of human capital has received great interest in the Nordic countries especially Finland (Ahonen, 2008) The measurement of human capital is not only popular in the private segment but also popular among the government as well. In the end, there is an attempt to expand the report on human capital management to cover all departments of government agencies in which the report contains the number of personnel, personnel structure, personnel qualifications (Ahonen & Grajer, 2005). In some companies, it is estimated that the value of human capital is closed to tangible properties of the company. For example, a business sale of Eagel company to a company in the Netherlands which has a sales value of 200 million euros. It is estimated that the value of human capital at the time of the sale is up to 54 million euros (Otala & Ahonen, 2005). A suggested guideline for measuring human capital, Vechayanont (2011) has additionally proposed that

1) People who do a measurement should recognize what relates to the success of the policy or must know the actual value from the employees. Proper questions should be used such as, whether the organization has talented and capable employees.

2) Include tools in every question. These tools sometimes already exist while some may have to be reinvented such as from the initial question in the first question that whether the organization has talented and capable. Tools or indicators need to be able to evaluate the work outcome of the employee and performance data from supervisors.

3) A set of measurement tools should be arranged from the foundation or the beginning level in measuring employee's data as follows (Robinson, 2009)

Level 1 amount of demographic information such as age, job length, position

Level 2 operational measurement indicators mostly relate to the success of employee management systems such as recruitment, employee development, employee retention. The indicators may consist of the cost of recruitment, the cost of employee development and retention.

Level 3 focuses on the indicators related to outcomes measurement such as attendance rate, absent rate, etc.

Level 4 performance measurement indicators can reflect the outcome from an employee and indicate the relationship of outcomes in accordance with employee's workmanship such as the relationship between an employee's absence and attachment, etc.
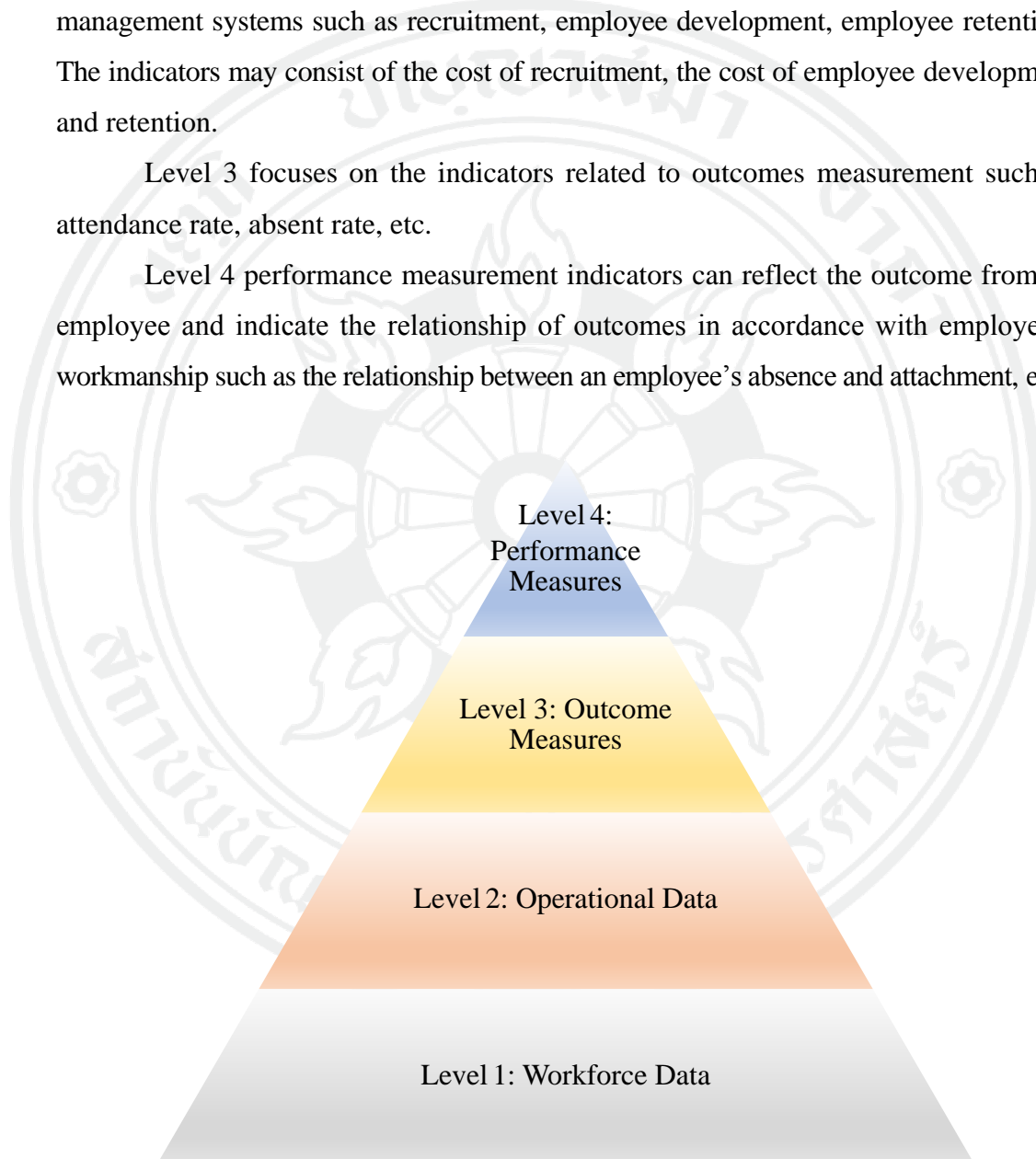
Figure 1.14 Hierarchy of Measures
Source: Robinson (2009)

The concept of the human capital measurement of Robinson (2009) is applied in the Civil Aviation Authority (CAA) which has approximately 1,1000 personnel around the British Isles. CCA began its use in 2006. Around 60% of the cost is related to personnel. For human capital measurement, the company expects to help manage employee's value and study the relationship between the employees and the business outcome. They have a human resource department to oversee the development of tools. In the end, it is found that there is no single tool that can be used to measure covering all dimensions. It needs to be combined tools to measure the overall human capital value in the organization. From Figure 2.14, indicators can be created as shown in table 2.7.

Table 1.8 Defining Measurement Parameters

What do we want to know?	How can we measure that?
1) Are staff engaged?	1) Engagement index
2) Are we retaining key employees?	2) Quality of leaver
3) Are we recruiting strong candidates?	3) Quality of hire
4) Do our new recruits stay with the CAA?	4) Recent recruit turnover
	5) Absence rates/costs
5) Are our reward levels competitive?	6) Pay benchmarks
6) Do our managers have the necessary skills to manage their staff?	7) Manager Competency frame
The value created by our people	**The value created by our people**
1) Are we continue raising the bar on performance?	1) Performance Management Index
2) Are we developing our staff effectively?	2) Training Evaluation
	3) External Customer Survey
3) Are our customers satisfied with our performance?	

Source: Robinson (2009)

However, measuring the effectiveness of investment in developing personnel, it is necessary to consider which skill or capability of the personnel has increased and how it affects the work outcome or how much it increases performance. Ernst and Young Center for Business Innovation (Vechayanont, 2008) proposed 8 indicators that are not related to the financial indicator for the evaluation of an organization

    1)   Quality of Management

    2)   Quality of Products and Services

    3)   Effectiveness of New Product Development

    4)   Level of Customer Satisfaction

    5)   Strength of Market Position

    6)   Strength of Corporate Culture

    7)   Quality of Investor Communications

    8)   Effectiveness of Executive Compensation Policies

2.9 Concepts on Organizational Performance

One of the important questions of the study on performance measurement of organizations is what factors affect the organization's performance, why some organizations are successful while some organizations have failed and what method can be used to measure the performance of the organization which all organizations want to know their performance, how effective and productive they are, whether they achieve their true goals, whether they have good governance or other aspects depending on the objectives of the organization in order to understand or use those results to improve performance for a better as well as indicators of the future performance of the organization as well (March & Sutton, 1997).

"Performance" is a concept with multiple dimensions. Performance measurement depends on a variety of factor and the meaning of performance has many meanings as well (Armstrong, 2002). The meaning of the performance can be classified as follows.

    1)   Achievement

The definition of the term performance according to this group is the success of operations. Bernadin, Kane, Ross, Spina, and Johnson (1995) suggested that performance is the result of work which has strong links with strategic goals of the organization,

satisfaction of the customer and economic benefits. Daft (2000) suggested that organizational performance means the organization's ability to achieve its goals by utilizing resources efficiently and effectively. Richard and Johnson (2001) suggested that performance has a broader meaning than productivity, covering efficiency and effectiveness, economy, quality, honesty behavior, and normative factors, etc.

     2)   Work process or behavior of the organization

This group defines performance as a work process or behavior or methods used by the organization, teamwork, individuals to get the work done. Campbell (1990) believes performance is behaviors in which their results should be classified. Because such behaviors may have issues with systematic factors.

     3)   The success of work and the work behavior

The Oxford English Dictionary defines the meaning of the term "Performance" as the achievement of operations, works, and works to complete the order. The definition, therefore, includes the success or the results obtained from work and processes or work behavior together Brumbach (1988) provides the definition of performance covering both behavior and result. Behavior arises from operators and performance interpreters from abstraction into solid. Behaviors can also be considered as a result as well if behaviors are the product of thought and physical effort in the workplace. In practice, it should be considered separately between results and behavior according to the meaning of this group as a mixed method (Hart, 1995). Lorsuwannarat (2015) suggested that the meaning according to this group is well accepted and being applied to government organizations, state-owned enterprises, and private segment in Thailand. Under this concept, performance management has the meaning that covers performance and behavior as well.

2.9.1 Performance Management of State-Owned Enterprises in Thailand

Implementing the performance management system for assessing and improving the capacity of state-owned enterprises in Thailand began in 1995 when the cabinet has approved the implementation of the evaluation system for the operation of state enterprises to monitor and supervise the efficiency of the state enterprises' operations. It is also connected with the incentive systems of employees and the state enterprise committee. For the management of the assessment system, there was the establishment of a state

enterprise performance assessment committee as well as assigning the State Enterprise Policy Office (SEPO) to act as the secretary of the assessment committee. In 2007, the assessment committee ha approved the improvement of the assessment system by focusing on being an effective tool for the government for improving the management of state enterprises to international standards which will increase the competitiveness of the country. It has also agreed to apply the Self-Assessment Report (SAR) and the Thailand Quality Award (TQA) to the assessment system. The assessment committee has approved the name "State Enterprise Performance Appraisal (SEPA)" for the assessment system. In addition, the assessment committee has appointed a subcommittee to oversee the state enterprise quality assessment and consider the guideline to officially implement the SEPA system for the state enterprise performance assessment. The criteria used in the assessment were selected from the 6 main procedures which are important and are principles to the management of an organization as the evaluation criteria including the role of the state enterprise committee, risk management, internal control, internal audit, information management, and human resource management.

For the SEPA system, it is an assessment system that connects the perspective of national development with the context of state enterprises into the system. Therefore, the SEPA system is a self-assessment system for state-owned enterprises and provides feedback including support to enhance the competitiveness of state enterprises. The assessment characteristics of the SEPA system focus on evaluating the effectiveness of each organization. There is no clear conclusion on the meaning of organizational effectiveness. At a seminar by the Journal of the Academy of Management in the 1990s concluded many definitions for the term organizational effectiveness but there is no indication of what the best meaning is, and there are no concrete criteria for the assessment of organizational effectiveness (Cameron & Whetten, 1981). For the meaning of the term effectiveness, there are scholars who have defined the term such as Lorsuwannarat (2015), work to achieve objectives or productivity compared to objectives (output/objective). The general meaning for effectiveness is relatively broad. But it is mainly focused on achieving objectives (Etzioni, 1964; Georgopoulos & Arnold, 1957).

For the State Enterprise Performance Appraisal (SEPA) in Thailand, there are characteristics of the assessment and setting criteria system which support systemic thinking perspective to achieve the goals of the state enterprise in the same direction

throughout the organization. A systematic perspective that focuses on achieving the same objective is the foundation of the assessment system which combines the core values and concepts (SEPA Core Values) in the context of state enterprises. The criteria for assessment, rating guidelines, focusing on results, rationality, and connection of various categories of criteria.

Direction consistency of criteria is caused by indicators derived from the processes and strategies of state enterprises that link and complement each other. These indicators directly relate to the values of customers and stakeholders as well as the overall performance. Therefore, using these indicators make various activities moving in the same direction without the need to specify detailed procedures or centralized decisions or the management of too complex processes. These indications are both communication tools and the principal for transferring the performance goals to be implemented consistently throughout the organization. This consistency ensures that the organization's objectives are in the same direction while supporting the organization's flexibility, innovation, and decentralized decision making.

Table 1.9 The Framework of Quality Assessment of State Enterprises

Performance on customer focus	Performance on organization lead	Performance on financial and market
Customers and market focus	Organization lead	Strategy planning
12 core values of excellence organization		
Operation focus	**Personnel focus**	**Measurement, analysis, knowledge management**
The outcome of operation efficacy	The outcome of personnel focus	The outcome of products and services

Source: State Enterprise Policy Office (2018a)

For driving goals in the same direction, there must always be links between various aspects of the criteria especially when strategy and goal have changed. This cycle of learning from practice requires feedback between processes and results.
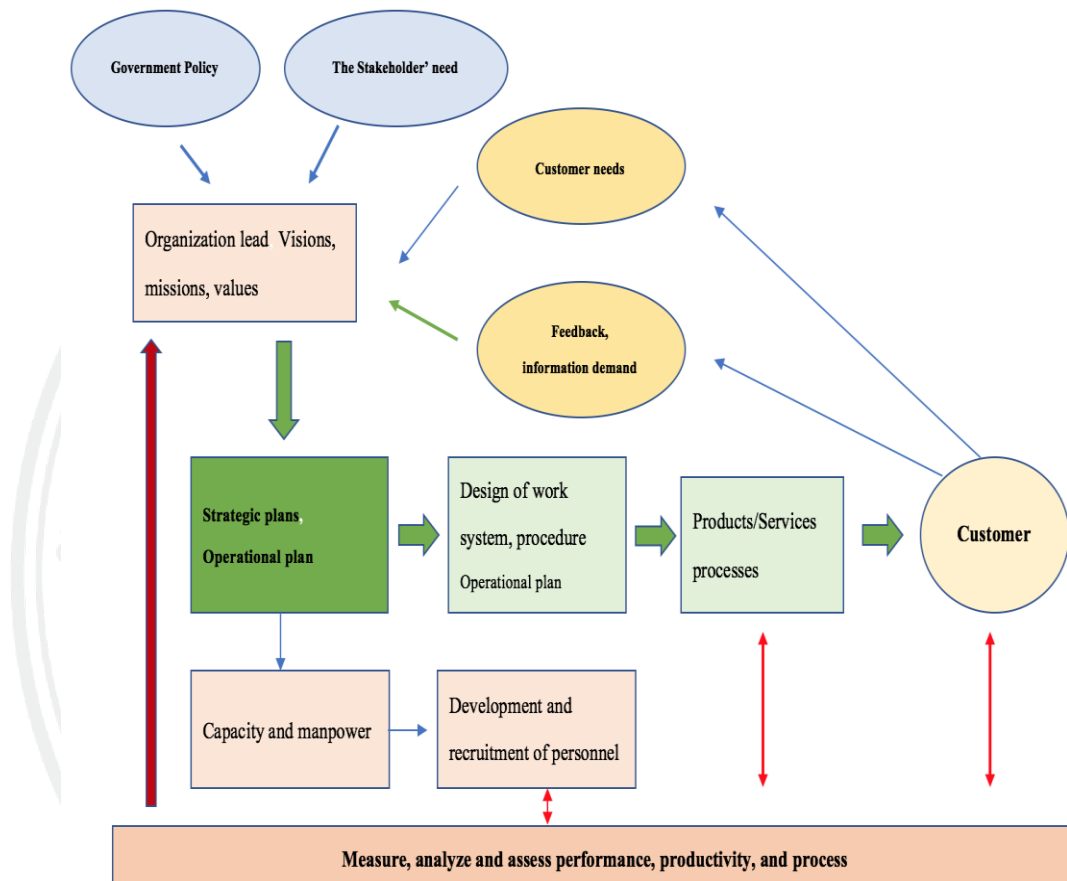
Figure 1.15 The Connections in the Quality Assessment System of State-Owned Enterprises.

Source: State Enterprise Policy Office (2018a)

2.10 Research Conceptual Framework

From the literature review on various concepts and theories, the researcher has specified the conceptual framework for the research. The researcher begins with the determination of the qualitative research framework. Then, the conceptual framework

for quantitative research is formulated for comparison and verify their consistency. This started from 2 main perspectives, 1) power transition and 2) market transition. Both perspectives are used as indicators for organizational characteristics and personal characteristics of the executives. This research uses a mixed-methods with the study of a qualitative framework describing human capital characteristics, task environment, internal characteristics of the organization, and political ties factor for the 2 state enterprises as a comparison. The quantitative conceptual framework will study what factors affect the difference in the determination of compensation for the executive personnel group by specifying 10 human capital characteristics of executive personnel as control variables and the management of compensation for the executive personnel group as independent variables which consider only the base payment and incentive payment as independent variables. The factors on the power of the committee of the state enterprise and the performance of the state enterprise assessed by the State Enterprise Policy Office committee will be considered both in quantitative and qualitative research. The research result of the 2 state enterprises will be compared to find similarities and differences.

2.10.1 Qualitative Research Conceptual Framework
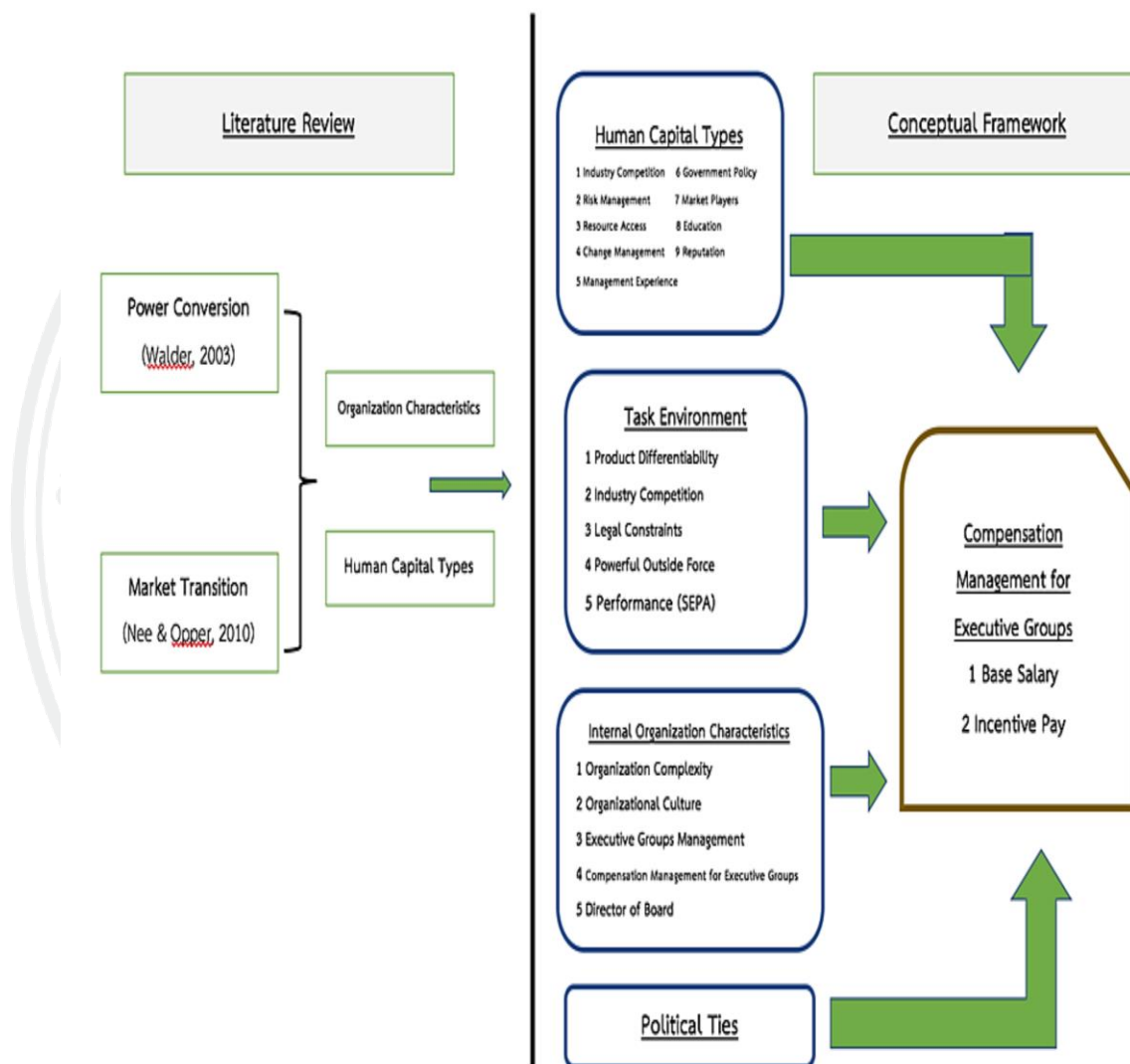
Figure 1.16 Qualitative Research Conceptual Framework

2.10.2 Quantitative Research Conceptual Framework
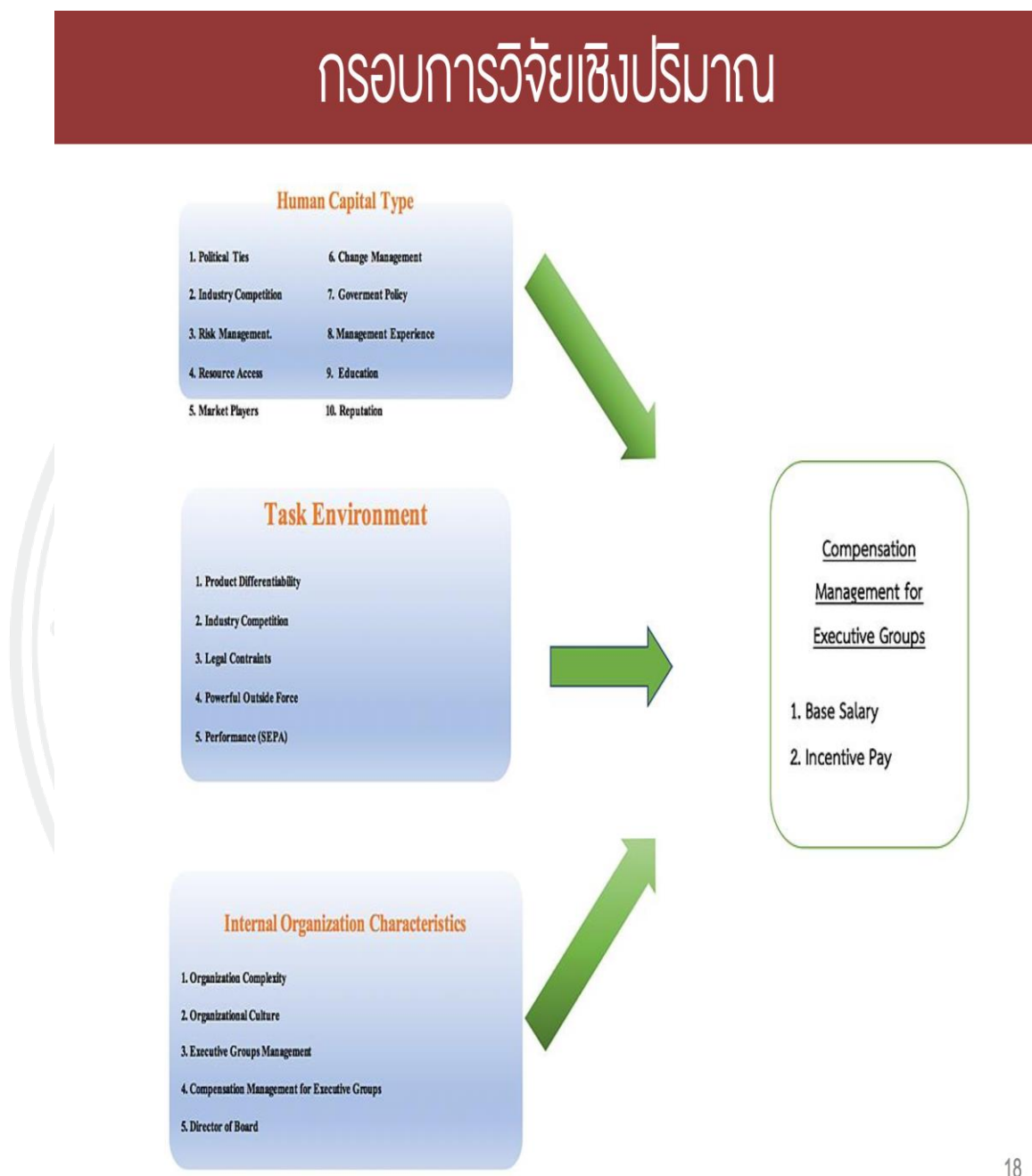
Figure 1.17 Quantitative Research Conceptual Framework

CHAPTER 3

CONCEPTUAL IDEA & RESEARCH METHODOLOGY

This research is mixed-method research. For quantitative research, cross-sectional surveys are used. The study is done on both organizational and personal levels to study factors for determining compensation for the executive personnel group of Level A state enterprises.

For qualitative research, in-depth interview, with broad questions and in-depth detail for each issue, is used on those involved in compensation management for the executive personnel group such as human resource managers, representatives from the State Enterprise Policy Office, 30 persons from board president, members of state enterprise union and representatives from management board in various state enterprises.

This research aims to study factors in compensation management for the executive personnel group in Group A state enterprises in Thailand by collecting primary data and secondary data as follows.

Primary Data

The data used in this research were collected from primary data through research tools both quantitative and qualitative from 2 state enterprises in Group A. The researcher collected data from chief executives, executive group, representatives from the management board, personnel from human resource department, president or members of state enterprise union in each state enterprise and personnel is studied state enterprises.

Secondary Data

Data used in the research also come from secondary data by collecting the data from the executive meeting report of each state enterprise, the State Enterprise Performance Appraisal (SEPA) which is evaluated by the State Enterprise Policy Office (SEPO), related thesis and research.

3.1 Operational Definitions

3.1.1 Compensation Management

Refers to base salary level and incentive pay for executive personnel group

3.1.2 Human Capital Factors of Executives

Refers to the personal characteristics of personnel in the executive group which leads to different compensation determination such as political ties, institutional change in the

3.1.3 Management Experience

Refers to past management experience of the executive group.

3.1.4 Organizational Context

Refers to goals, industry competitiveness, size and complexity of different organizations.

3.1.5 Performance

Refers to the performance evaluation under the State Enterprise Performance Appraisal (SEPA) which evaluated by the State Enterprise Policy Office (SEPO) consisting of the performance on policy administration, the organization's outcome and the management of the organization.

3.1.6 Political Ties

Refer to the experience of the executive group on the work or relationship with politics which leads to resource and management advantages of each state enterprise.

3.1.7 The Executive Group

Refers to personnel of Group A state enterprises from Level 7 which refers to personnel in a state enterprise in the position of a division director (division head) and the division assistant director

Level 8 refers to personnel in a state enterprise in the position of the department director and the department assistant director.

Level 9 refers to personnel in a state enterprise at the position of vice governor and assistant governor

Level 10 refers to personnel in a state enterprise in the position of governor, director and manager of the state enterprise (the announcement from the Ministry of Finance on Position Compatibility number GorKor 0409.7/Wor, 2005).

Board Company refers to the appointed committee by each state enterprise

3.2 Data Collection Methods

Data collection are divided into 2 methods as follows

3.2.1 Documentary Research

From the literature reviews of documents, the researcher studied concepts, theories related to compensation management, human capital, the management of organizations that are dependent on political power including the research of data from executive meeting report of each state enterprise, the State Enterprise Performance Appraisal (SEPA) which is done by the State Enterprise Policy Office (SEPO), working history and political relationship of the executive group from credible organizations. This is done through both documents and the internet.

3.2.2 Survey Research

For the survey research of this study, the researcher will survey through in-depth interviews and through questionnaires from 2 state enterprises in Group A with the following details.

3.3.3 In-Depth Interview

In-Depth Interview the researcher conducts in-depth interviews with 1) people who are involved in the selection and determination of compensation management system for the executive group in both Group A state enterprises, consisting of directors of the department of human resource management, representatives from organizations'

strategic department, presidents and members of state enterprise union and representatives from the executive board. 2) regulator organizations such as representatives from the State Enterprise Policy Office, original affiliation ministry. 3) players in the same industry. And 4) people who are responsible for determining compensation in other state enterprises. The in-depth interviews were done with a total of 30 interviewees.

For the in-depth interviews, the researcher proceeded by creating an introduction letter with a questionnaire example for surveying the target group. The data will be collected and analyze later on. For data collection for the questionnaire, the researcher proceeds with sending an introduction letter with the questionnaire to human resource departments. The questionnaire was in both in hard copy and electronic forms (with QR Code) so it is convenient for the survey.

3.3 Population and sample group in the study

The population in this study consists of the executive group in state enterprises, managers of human resource division, representatives from the State Enterprise Policy Office, presidents and members of state enterprise union, and representatives from the executive board. The population is from 2 state enterprises in Group A consisting of energy state enterprise and airport management state enterprise. The population in the study is divided as follows.

For the survey with the questionnaire, the researcher uses a sample group from personnel in 2 state enterprises of Group A which are in the position of level 5 onward. The sample group in this study is selected randomly without relying on probability using the purposive sampling method. The size of the sample population in the study is calculated by Taro Yamane sampling method. In this study, there is 5,690 population as candidates for the sample group. 2,010 candidates are from the energy state enterprise (Annual report of Energy state enterprise personnel structure, 2018) and 3,680 candidates from the airport management state enterprise (Airport state enterprise personnel training report). For the sample population calculation, the researcher sets the deviation level from the sample group at 0.05. When calculating with the Yamane formula. the number of the sample size selected was 373.72 or 374 samples.

For the in-depth interview, the researcher uses the sample group consisting of the executive group of state enterprises, personnel from human resource management division, representatives from the State Enterprise Policy Office, presidents and members of state enterprise union, and representatives from the executive board. The total number is 25 samples.

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

When   n refers to sampling size

N refers to population size

e refers to the deviation from the sample group

Substitutes with numbers, the sample size is as follow

$$n \quad = \quad \frac{5,690}{1+5,690(0.05)^2}$$

$$= \quad 373.72$$

Thus, the sampling size is 374 samples

3.4 Tools Used in the Study

3.4.1 Questionnaire

The tools used in this research consist of a questionnaire. The construction process of the questionnaire is made by adapting from the concepts of compensation management theory, human capital, organization management based on political power dependent, as well as compiling data from the report of the executive meeting of each state enterprise, the State Enterprise Performance Appraisal (SEPA) report for data collection. The design of question structure in the questionnaire focuses according to research objectives which consist of 3 parts as follows

Part 1 is the demographic data of the respondents such as gender, age range, position.

Part 2 is the questions on the opinion of the competitive environment aspect, factors on selecting executives, and factors on compensation management for the executives. For these questions, respondents express their opinion on the Likert scale with 5 levels of highest, high, average, low, lowest and the score table is according to Table 3.1.

Part 3 is the opinion on compensation management of the executive personnel group within the state enterprises

Table 1.10 Questionnaire Score Criteria Table

Level of opinion	Positive question	Negative question
Highest	5	1
High	4	2
Average	3	3
Low	2	4
Lowest	1	5
Do not know/No opinion	Not being calculated	Not being calculated

To interpret the opinion level of respondents, the range of scores will be divided into 5 levels as follows.

Table 1.11 Score Range Table

Average Score	Opinion Level
4.21 – 5.00	Highest
3.41 – 4.20	High
2.61 – 3.40	Average
1.81 – 2.60	Low
1.00 – 1.80	Lowest

3.4.2 In-Depth Interview

In addition to the questionnaire, the researcher also uses in-depth interviews as a tool for this research. All and complete aspects will be interviewed through broad questions and in-depth details of each issue. Questions are divided into 3 categories consists of 1) Question category on organization environment, 2) Question category on executive selection, 3) Question category on compensation management for the executive group. The researcher also frames questions into 4 frames in each category, they are 1) Throw questions, 2) Essential questions, 3) Extra questions, 4) Probing questions. The questions for the interviews are as follow.

3.4.2.1 Question group on the organization environment

Table 1.12 Question Group on the Organization Environment Used in the In-Depth Interviews

Questions	Detail
Throw-away Question	1) Describe the characteristics of your state enterprise
Essential Question	1) How is competition within the industry?
Extra Question	1) How are the competition within the industry from the past to the present?
	2) How the implementation of government policies resulting in increased administrative efficiency affect the rise or fall of competitive advantage?
	3) How the implementation of the State Enterprise Performance Appraisal assessed by SEPO positively or negatively affect the management?
	4) Does the institutionalization of your state enterprise affects the inertia of changes?
Probing Question	1) Who are the market leader, competitors or followers that have resulted in your state enterprise having to adapt to compete?
	2) How the competitors in the industry create pressure on internal management changes in your state enterprise?
	3) How much your state enterprise relies closely on political power to create competitive advantages?
	4) How do you manage those inertias?

3.4.2.2 Question group on factors for executive selection

Table 1.13 Question Group on Factors of Executives Selection Used in the In-Depth
Interviews

Questions	Detail
Throw-away Question	1) How are the selection differences of personnel in the executive group and other groups of personnel?
Essential Question	1) What is the characteristic of the selection of the executive group to create advantages for your state enterprise?
Extra Question	1) When considering the competitive environment of your state enterprise, what is the most important criterion for executives selection?
Probing Question	1) What is the special expertise of the executive group in state enterprises? 2) How your executive group manages inertia or resistance to changes? 3) How your executive group manage resources for sustainability such as creating allies, opening a child company, merging businesses 4) In case you have to consider management experience, what is the most important characteristic in management experience that significantly affects the selection?
Essential Question	1) Does the relationship with political power affects the selection of the executive group or the governor of state enterprise?
Extra Question	1) Does experience in politics or organization management involving high political power or used to be in a position related to political power affect the management to achieve goals?
Probing Question	1) Can the relationship with the political power of the executive group create advantages in issuing policies for increased administrative efficiency?
Probing Question	1) Can reputation or relationship with the political power of the executives bring advantages in accessing resources to create competitive advantages?

3.4.2.3 Question Group on Compensation Management for the Executive Group

Table 1.14 Question Group on Compensation Management Used in the In-Depth Interviews

Questions	Detail
Throw-away Question	1) How your state enterprise layout the strategies on compensation management to create competitive advantages?
Essential Question	1) How compensation management for the executive group differs from the compensation management of other groups of personnel?
Extra Question	1) When pay range is considered, how much it differs between other personnel compare to the executive group?
	2) For the compensation payment of the executive group in your organization, does the pay range policy follow, equal to, or lead the market in terms of base pay?
	3) What skills or abilities will allow the executive group to receive higher compensation than the normal rate paid by the state enterprise to the executive group in the normal form?
	4) In your state enterprise, is there any demand for policies or compensation payment form adjustment of the executive group, and how?
	5) How incentive payment layout in your state enterprise currently links to achieving vision, indicators, and performance?
	6) Does the role of state enterprise union affects compensation management for the executive group?
Probing Question	1) Can your state enterprise define its own compensation structure for the executive group?
	2) If the policy on compensation payment for the executive group of your state enterprise is following the market or equal to the market, how do you pay the incentive compensation to encourage the executive group in order to achieve goals?
	3) Does the experience of executives related to political ties or administration of organizations involving a high level of political power or used to be in positions highly related to political power affect higher compensation?

3.5 Data Accuracy and Reliability Test

This research is considered as mixed-method research with both quantitative research and qualitative research. Tools for collecting data consist of questionnaires and in-depth interviews. Therefore, verifying the quality of tools before being implemented is crucial so that the tools are effective. This leads to valid and accurate results which are a good indicator of what the researcher wants to measure. In order to ensure the quality, accuracy, and reliability of the set tools, the researcher verifies the tools for collecting data as follows.

3.5.1 Validity Check
3.5.1.1 Validity Check for the Questionnaire

The researcher has designed the questionnaires from the study of concepts and theories related to compensation management, human capital, administration of organization depending on political power. Afterwards, the researcher has presented the questionnaire to the thesis advisor in order to validate the content validity and appropriateness of the language (Wording). The questionnaire was then updated before used to collect real data.

The researcher used a cover page as a tool to communicate and inform the respondents so that they aware of the questionnaire's objective and spend their time answering the questionnaire by themselves.

3.5.2 Reliability Check
3.5.2.1 Reliability Check for the Questionnaire

The researcher will test the questionnaire with 20 personnel from the Electricity Generating Authority of Thailand (EGAT) which is a state enterprise in Group A (the State Enterprise Policy Office, data as of November 14, 2018) to test the reliability. The questionnaire's reliability will be analyzed with the SPSS program to find the F Alpha Coefficient according to the Cronbach method to find the reliability of the questionnaire. The criteria for reliability are as follows.

Table 1.15 Criteria for Reliability

	Reliability level
Reliability value less than 0.59	Reliability level is low
Reliability value in the range of 0.60 – 0.77	Reliability level is average
Reliability value from 0.78 upward	Reliability level is high

After the reliability check for all questionnaires is done, it was found that the reliability value is 0.966 which is considered at the high-reliability level. The detail is as follows.

Table 1.16 Variable Summary of Each Reliability Value

	Cronbach Alpha Coefficient
All variables	**0.966**
Competitive environment	0.972
Executive selection	0.961
Compensation management for the executive group	0.967

3.5.3 Data Verification of the In-Depth Interview

For data verification of the in-depth interview, the researcher used the triangulation verification which consists of

Triangulation on the data, the researcher considers the character of the data classified in the same category from different times, different places of data acquisition, different people providing the data to see how much difference the data will be.

Triangulation on the researcher, the researcher will bring at least 3 research assistants under the same interview issue in order to observe, take notes, and conduct interviews on behalf of the researcher on some issues. The assistant researcher must have a background in human resource management.

Triangulation on the data collection by using different data collection methods under the same issue to see the difference in the collected data. The researcher will use the questionnaire and in-depth interviews concurrently.

3.6 Data Analysis

3.6.1 Quantitative Data Analysis

For the quantitative data analysis, the researcher used statistics to analyze the data by examining the returned questionnaires for the accuracy and completeness of the questionnaires. Afterward, readily available software for social science research will be used as a tool for processing and presenting the study results. The statistics used are as follows.

Frequency distribution, percentage, mean are used to analyze and describe the data on demography and defining scores for dividing the range of average score interpretation of obtained opinion levels.

T-test analysis and multiple regression analysis are used to study the relationship between variables. Various factors are comprehensive studies on both factors on personal characteristics and organizational characteristics. These factors are used to test the hypothesis.

3.6.2 Qualitative Data Analysis

For the qualitative data analysis, the researcher started by analyzing the data obtained from research documents. Policy, environment, management guidelines for executive personnel group, guidelines for compensation management of executive groups are analyzed in order to perform a comprehensive analysis of the environment of each state enterprise.

Afterward, the researcher will collect data through interviews of those who involved in determining and managing compensation for the executive group by a set of questions. The data will then categorized as follows.

Categorized by variables, the researcher will categorize according to the specified conceptual framework such as data in the environmental group of each state enterprise, data in the constitutional pressure group of each state enterprise, data on the human capital characteristics of the executive group in each state enterprise, important factors in determining compensation ranges and incentive pay for the executive group of each state enterprise, and compensation and incentive pay management of each state enterprise, etc.

Categorized by time period, the researcher will categorize the obtained data by considering together with different time periods from the past to the present. State enterprises are organizations involved in political policy in which different time periods may result in a different environment, institution pressure, indicator determination for the management, executive characteristics needed for operation according to the policies.

After the data is categorized, the researcher will perform data analysis by inductive technique. The finding will be processed and interpreted according to the set framework to present the detail on compensation management of the executive group in different state enterprises.
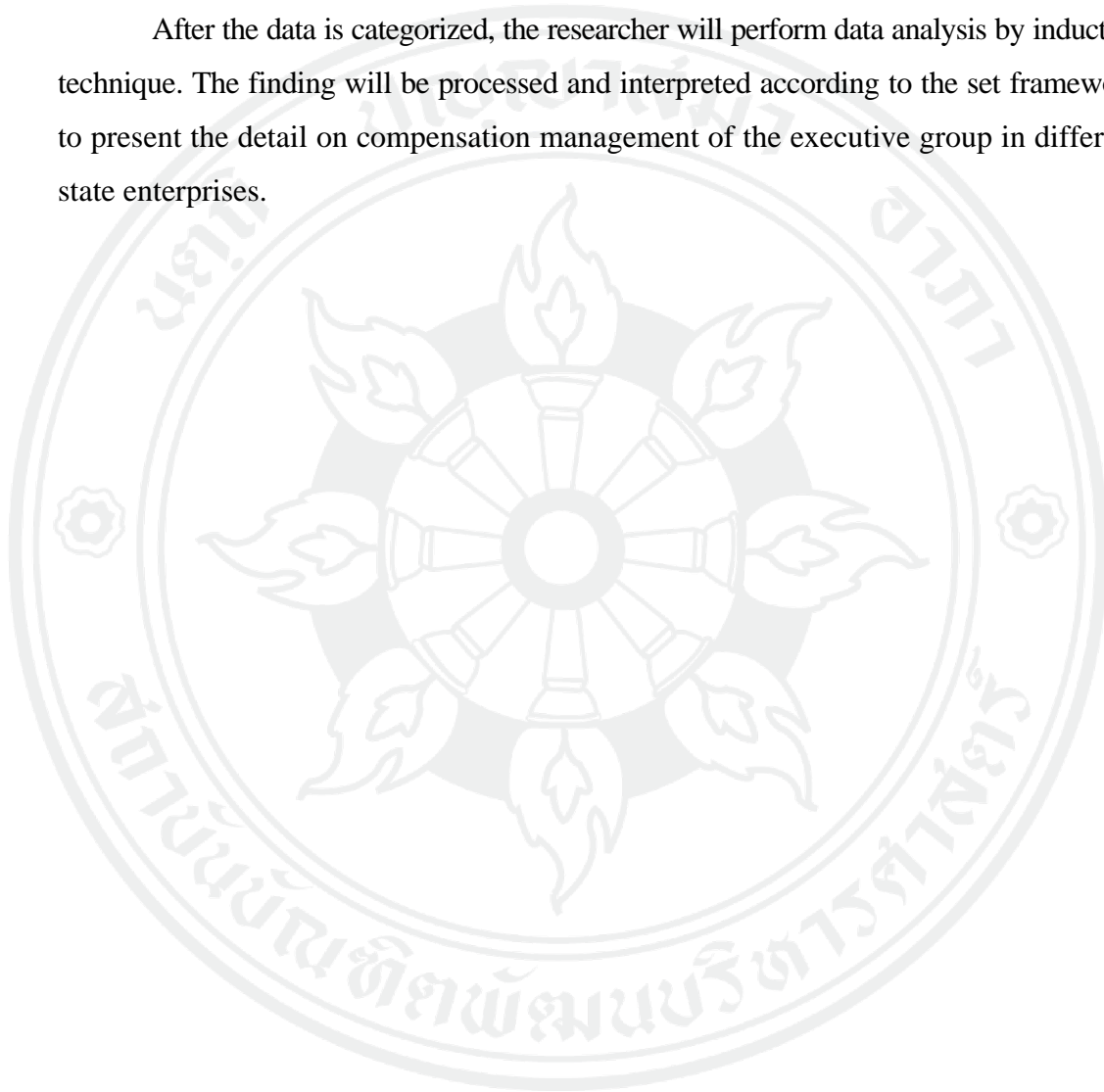
CHAPTER 1

STUDY RESULTS FROM THE QUALITATIVE DATA ANALYSIS

4.1 General Context of Studied State Enterprises

4.1.1 The Energy State Enterprise

4.1.1.1 Background

The Energy State Enterprise was established on December 29, 1978, which corresponds to the period of the global oil shortage crisis (the 2nd global oil crisis). The Energy State Enterprise began operations by procuring oil to meet urgent domestic demand. From the crisis, the Energy State Enterprise was encouraged to procure more petroleum from domestic sources. As a result, Thailand is able to be self-reliant in energy to a certain extent and greatly reducing the loss of money to foreign countries. On October 1, 2001, the Energy State Enterprise was registered as a public company on the stock exchange by transforming from the Petroleum Authority of Thailand, transferring business, rights, debts, liabilities, assets, and all employees under the State Enterprise Capital Act of 1999 with an initial registered capital of 20 billion baht divided into 20 billion ordinary shares with a par value of 10 baht per share. It was firstly traded on the Stock Exchange of Thailand on December 6, 2001, in which the Ministry of Finance is the major shareholder. From 2001, the Energy State Enterprise continued to expand its business. At present, the Energy State Enterprise has expanded into many industries from upstream to downstream of the petroleum business, retail business, food industry, property management, etc.

4.2 The Environment of the Energy State Enterprise

For the analysis of the environment of the Energy State Enterprise, the researcher analyzes the main businesses, related to selling oil in gas stations and retail businesses within the gas station or commonly referred to as a non-oil business, by using the concept

from Finkelstein et al. (2009). The researcher considered from 1. Task environment, 2. Internal organization together with in-depth interviews from relevant parties from the Energy State Enterprise and study more from documents. The data analysis can be summarized into various topics as follow.

4.2.1 Task Environment

Task environment refers to the environment related to the operation of an organization from the production process until becoming products and services. This also includes the ability and competitive environment within the industry (Finkelstein et al., 2009). The task environment of the Energy State Enterprise has the following issues to be considered.

4.2.1.1 Differences in productivity or products of the Energy State Enterprise

For the explanation of the differences in productivity or products of the Energy State Enterprise, it can be described by the "Competitive Advantage Theory". The business group of the Energy State Enterprise consists of natural gas business, oil and retail business, international trade business, exploration and production business, petrochemical business, refinery business, international investment business. The products directly related to the company consists of products in the automotive fuel group, lubricant products, NGV gas products, cooking gas, aircraft fuel products, ship fuel products, industrial fuel products, petrochemical products, and natural gas products. The product differences are described through the industrial structure (barriers to entry) of the Energy State Enterprise can be explained as follows.

1) The concentration characteristic of the industry of the Energy State Enterprise which is concentrated. There are 41 businesses involved in the oil retail, gas station, cooking gas (Jiraporn Khaosawat, personal communication, February 1, 2018). Currently, there are 5 major oil trading companies consisting of PTT public company limited, Shell Thailand Co, Ltd., Esso (Thailand) public company limited, Caltex (Thai) Co, Ltd., and Bangchak Petroleum public Co, Ltd. (Public) (Department of Energy Business, Ministry of Energy, 2014). For the capability of the production operation, the Energy State Enterprise can produce turnkey products in a big quantity resulting in economies of scale and lower production costs. For example, businesses related to natural gas in which the Energy State Enterprise is able to produce turnkey

products from the survey and production process, natural gas procurement, natural gas transportation, natural gas refinement, and investment in businesses related to natural gas both domestic and international. At the present day, the Energy State Enterprise has 15 natural gas purchase agreements from domestic and international gas suppliers (Nipon Jungroongroj, personal communication, January 17, 2019) which creates production capacity to be economical in size resulting in advantages over smaller companies in the same industry which leads to better performance (Scherer, 1980).

2) Different levels of products, by analyzing the different levels of products from the Energy State Enterprise, the researcher analyzed products related to gas stations and retail stores within the gas station which is the product group with the highest sales. The proportion of revenue is approximately 48% or around 957,946.56 million baht from a total income of 1,995,722 million baht. These businesses are considered the symbol of the Energy State Enterprise.

Proportions of the total revenue of the Energy State Enterprise categorized by business groups in 2017 (Total revenue 1,995,722 million baht)

■ Natural Gas   ■ Petroleum and refinery   ■ Fuel and trading   ■ PTTTEP
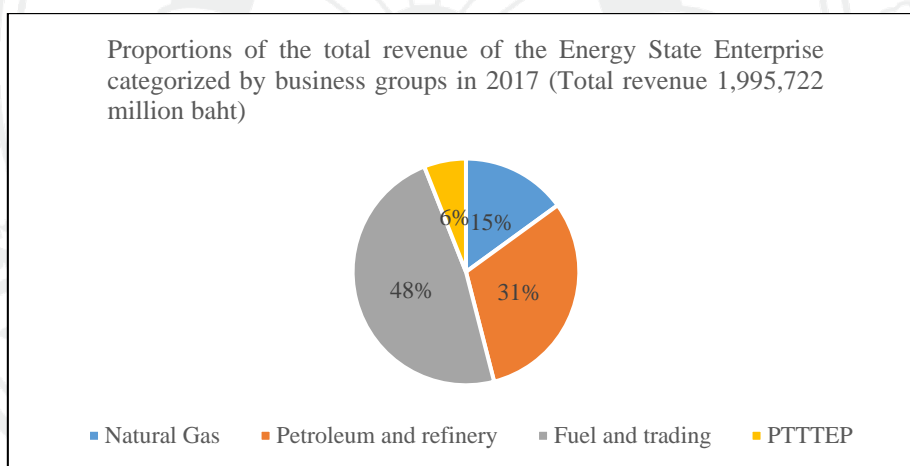
Figure 1.1 Details of the Total Revenue of the Energy State Enterprise Classified by Business Groups in 2017

Source: The Energy State Enterprise, 2017.

Note: Proportions of the Total Revenue of the Energy State Enterprise Categorized by Business Groups in 2017 (Total Revenue 1,995,722 Million Baht)

From the revenue proportions of the Energy State Enterprise, it is shown that most revenue does not come from the non-oil businesses but the retail

businesses within the gas station area owned by the Energy State Enterprise. The retail business that has the highest revenue proportion is the Amazon coffee shop with 35% of revenue proportion from all retail businesses (Jiraporn Kaoswat, personal communication, January 17, 2019)

Table 1.1 Revenue Proportion of the Energy State Enterprise

Business Group	Revenue Proportion
Fuel	30%
Convenient stores, food and drink vendors	25%
Amazon coffee	35%
Land lease	10%

Generating revenue proportions from non-oil businesses in the Energy State Enterprise is in accordance with the 10 years strategy of the management department. It wants to generate revenue from the area management within a gas station to generate more revenue. Since the competition in the oil-only business is high and the profit margin from the products is not very high or it can be said that this is a competition in the red ocean where the difference of products is not noticeable. In the time of necessity, customers can easily switch to other brands of the same type of oil. Therefore, the Energy State Enterprise has to create product differentiation by focusing on the non-oil business group. This is consistent with a study by Srikajorn (2014) which conducts research on the factors influencing the choice of customers on a gas station using the marketing mix concept (7Ps) for service businesses. It is found that the factor, most affecting the decision on a choice of gas station service of the Energy State Enterprise, is the product factor which consists of reliable product brand, variety of oil products, and there are services that respond to various needs within the gas station area including grocery stores, coffee shop, restaurant, support space within the gas station. Customers somehow feel the difference from other the gas station of other brands.

3) Barriers to entering the industry, currently, there are 41 business operators involved in oil trading, 13 gas station operators which 5 of them are classified as large operators.

Table 1.2 List of Gas Station Operators

List of Gas Station Operators	
Company Name	**Brand Name**
PTT Public Company Limited	PTT
Esso (Thailand) Public Company Limited	Esso
Bangchak Petroleum Public Company Limited	Bangjak
Shell Company of Thailand Ltd.	Shell
Thai Oil Public Company Limited	Thaioil
Chevron (Thailand) Limited	Caltex
Susco Public Company Limited	Susco
IRPC Public Company Limited	IRPC
Susco Dealer Company Limited	Petronas
PTG Energy Public Company Limited	PT
The Energy State Enterprise and Retail Business Public Company Limited	PTT (Jiffy)
Rayong Purifier Public Company Limited	Rayong Pure
PC Siam Petroleum Company Limited	PC

At present, the trend of competition in the gas station business is likely to become more intense. This can be observed from the increase in the expansion of gas stations. According to the information from 2014, there are 24,213 gas stations throughout Thailand and the number is continuously increasing.

Entering the oil and retail business, in general, for those who are interested in entering the oil and retail business can follow the Fuel Storage Act of 1931 by following all regulations related to a gas station and fuel storage according to the characteristics of fuel and the amount of fuel. A new business can apply for a license at the Department of Energy Business, Ministry of Energy. Therefore, entering the gas station business can be don freely for those who are interested. However, most gas stations today are owned by the major players with a share within the oil market, for example, the Energy State Enterprise, Shell, Esso, Caltex, etc. This results in 3 cases of new players entering the market which are (SCB EIC, 2015).

4) COCO (Company Owned Company Operated) is the registering and opening of an independent gas station. Those who are interested can proceed at the Department of Energy Business, Ministry of Energy. An operator can start the business under their own brand and has the power to manage the area within the gas station. However, for this method, a small operator who opens a gas station under their own brand might not be popular among customers resulting in small operators have to focus on opening a gas station in a village or a community instead. If the operator wants to enter the market, it must compete with the existing players in the market. It needs to vastly invest in both monetary capital and organizational capital, for example, gas stations under the brand PT which has experienced rapid growth in the past 7 years until it has the largest number of gas stations in Thailand, approximately 2,200 branches throughout Thailand (the Department of Energy Business, Ministry of Energy, information dated April 19, 2019). For PT to enter the business and compete with the existing players, it has to invest in both renting and buying space for gas stations, invest in marketing, invest in oil depots, invest in the transportation system, and invest in the non-oil business within its gas stations to increase the number of the customer. These are the obstacles for entering the market and compete with the existing players in the market (Pitak Ratchakitprakarn, personal communication, September 1, 2018).

5) DODO (Dealer Owned Dealer Operated), for those who are interested, they can contact the owner of the brand. For this method, an operator who wants to enter the market needs to spend more capital in the investment more than an independent gas station. The investment depends on the size of the area, on average approximately 10 million baht per rai (terms and conditions of being a gas station distributor of the Energy State Enterprise and PT). There are also limitations in area management within the gas station and buying fuel is restricted to be done through the brand only. This form of entering the market usually uses a good reputation and well-known brand resulting in the business can quickly expand. For this method, the brand owner earns income from the royalty fee and the operators who buy the franchise earn from the sales of oil and products within the gas station.

6) CODO (Company Owned Dealer Operated) is a form that the brand owner sells the ownership to operators interested in self gas station management. When considering the above information with the Five Forces framework proposed

by Porter (1985) in the assessment of the competitiveness in the gas station and retail industry from the 5 market pressures, it can be summarized as follows.

Table 1.3 The Analysis of the Five Forces Framework of the Energy State Enterprise

Dimension	Detail
Industry Rivalry	1. Only a few rivals with the capability to compete. At present, there are only 6 players with a market share of 75%
	2. The Energy State Enterprise has the highest market share at approximately 39%, the second has 10% of the market share.
	3. Competitors in the same industry are highly specialized.
	4. Strategy planning of competitors focuses on maintaining the same share of oil sales and increase the profits from the non-oil business, similar to the Energy State Enterprise.
	5. Most customers trust the brand of the Energy State Enterprise
	6. more than other brands resulting in other competitors is struggling in increasing the market share.
Bargaining power of supplier	1. The Energy State Enterprise can carry out the whole production processes from the procurement of raw materials until becoming a product. This results in high bargaining with suppliers in the oil business.
	2. For the non-oil business, the Energy State Enterprise has its own companies and be a shareholder on food businesses, minimarts, automotive services resulting in the capability to operate without relying on suppliers.
	3. For the non-oil businesses that the Energy State Enterprise does not own such as 7-Eleven or other small retailers renting the space, they have high bargaining power with suppliers because of the highly reliable brand and being the leader in the gas station market.
Bargaining power of customer	1. The bargaining power of customers is high even with a low number of players within the market due to the products are easily substitutable and the cost for switching to other products is low.

Table 4.3 (Continued)

Dimension	Detail
Threats of substitute product or service	1. Products and services can be easily substituted especially the composition of products in the gas station are similar. 2. A large number of gas stations resulting in a high threat level of substitution products.

4.2.2 Legal Constraints Pressure

To explain the legal constraints pressure, it will be done under the "New Institutional Theory" (Meyer & Rowan, 1977) which describes how an organization is pressured by outside organizations, therefore, they have to follow a set of rules and regulations in order to be righteous and able to survive in the long run. Currently, the Energy State Enterprise complies with rules and regulations on the environment or from external agencies that supervise through issuing rules, regulations, indicators or quality assessment as follows.

4.2.2.1 Good corporate governance of the Stock Exchange of Thailand "Since the Energy State Enterprise is a company trading on the Stock Exchange of Thailand, therefore, it is necessary to be under the policy of corporate governance and ethics of the Stock Exchange of Thailand under the principle of "The Organization for Economic and Co-operation (OECD)" to build credibility and create transparency in operations and build the competitiveness of the Energy State Enterprise" (Chanthanwan Yantringsing, personal communication, February 15, 2019). The measures relating to the administration of an organization consists of 5 parts which are the shareholder rights, equal treatment of the shareholders, roles of the stakeholder, information disclosure and transparency, and the responsibility of the board (The Principles of Good Corporate Governance for Company Listed, 2012) to build trust among investors.

4.2.2.2 Supervision from the State Enterprise Policy Office (SEPO) which is an organization responsible for the administration and development of state enterprises to be effective through policy advice, assessment, and supervising as well as supporting the joint investment with the private sector. SEPO has designed the State Enterprise Performance Appraisal (SEPA) as a tool for state enterprise assessment. This affects

the classification of state enterprises and the incentive pay in both financial and non-financial. The performance assessment of the Energy State Enterprise from SEPO has different assessment practices since it is listed on the Stock Exchange of Thailand (Listed SOEs). According to the regulations from the Stock Exchange of Thailand, it is already supervised closely in performance assessment. "The Ministry of Finance will evaluate the performance of the Energy State Enterprise by specifying indicators and goals specifically for performance which are financial and non-financial goals. It will focus on the indicators which are mainly the benchmark of the business and the industry. It also focuses on the evaluation of corporate governance by dividing the criteria and weight into two parts which are 70 percent for the performance and 30 percent for the organization management" (Sakda Saengsir, personal communication, March 17, 2019). The SEPO scores from the performance evaluation of the Energy State Enterprise in the past 5 years were evaluated with the score of very good in all 5 years (State Enterprise Performance Appraisal Score 2014-2018, the State Enterprise Policy Office).

Table 1.4 The Report of State Enterprise Performance

The Energy State Enterprise Performance Appraisal Score in the past 5 years (Full score is 5)					
Evaluation category	**2018**	**2017**	**2016**	**2015**	**2014**
Implementing policies/strategic mission	4.94	-	-	-	-
Organization management/process	4.50	5.00	5.00	4.81	4.60
State enterprise performance/outcome	4.33	4.72	4.84	4.17	3.72
Total score	**4.50**	**4.86**	**4.92**	**4.49**	**4.11**

Source: State Enterprise Policy Office (2018c)

"The Energy State Enterprise is considered as one of the state enterprises that are outstanding in organizational management and achieving performance outcomes for the last several years. Part of it because the state enterprise is classified into Group A which has flexibility in the management and determining its own salary structure.

This results in the quality of personnel selection process, which is considered as important as a headwater, and be able to develop personnel leading to good development" (Sakda Saengsi, personal communication, March 17, 2019).

        4.2.2.3 Government supervision, the Energy State Enterprise is considered a listed company with the highest market value in Thailand. The value of the Energy State Enterprise at the end of 2017 is 1,246,771.84 million baht in total. The largest shareholder holds the proportion of 51.11% of the shares. The top 10 major shareholders of the Energy State Enterprise are shown in Table 4.5.

Table 1.5 List of 10 Major Shareholders of the Energy State Enterprise

No.	Major Shareholders	Shares (%)	Number of Shares (Shares)
1)	Ministry of Finance	51.11	1,458,885,575
2)	Thai NVDR Co, Ltd.	7.86	224,417,775
3)	Vayupak Fund 1 by MFC Asset Management Company Limited (Public)	6.18	176,499,100
4)	Vayupak Fund 1 by Krungthai Asset Management Company Limited (Public)	6.18	176,499,100
5)	State Street Europe Limited	2.35	67,125,108
6)	Chase Nominees Limited	1.42	40,467,890
7)	Social Security Office	1.22	34,707,200
8)	The Bank of New York (Nominees) Limited	1.16	33,206,612
9)	The Bank of New York Mellon	0.91	25,887,113
10)	GIC Private Limited	0.86	24,346,229

Note: Major shareholder information of the Energy State Enterprise by the Stock Exchange of Thailand provided on March 20, 2019

        In addition from the above table, it is shown that the major shareholder numbers 3 and 4 are the Vayupak Fund 1 which is a closed-end fund established by the government to raise funds from the public to privatize and promote savings. The

Vayupak Fund has a 30% stake within the mentioned fund. Therefore, after considering the table, it is shown that the Ministry of Finance holds both direct and indirect shares of the Energy State Enterprise around 54.82% (calculated indirect shares in 30% proportion of the total shares of Vayupak Fund 1)

Since the Energy State Enterprise is a state enterprise with the Ministry of Finance from the government as a major shareholder and supervised by the government and its energy business is also under supervision by the National Energy Policy Council (NEPC) under the National Energy Policy and Planning Act of 1992, therefore, the government can still supervise any operation of the Energy State Enterprise so that it complies with the energy, economy, and social policies of the country. NEPC can be empowered under the act in proposing the energy management policies and plans of the country to the cabinet. EPPO also sets criteria and conditions in energy price determination in accordance with the energy management policies and plans of the country. In addition, according to the royal decree on solving and prevention of fuel shortage, the prime minister has the power to issue orders to determine measures relating to various matters including the sale of all types of fuel. Therefore, it can be seen that the government has the power to issue regulations, determining energy-related policies and measurements in accordance with supported legal power so that the Energy State Enterprise can follow, such as (Songkran Sirikunarak, personal communication, February 21, 2019)

1) Fixing NGV prices for vehicles: the government has policies in promoting the use of natural gas as an alternative fuel for the transportation sector in order to reduce the impact on the economy due to the crude oil and refined oil price in the world market continuously increasing. It also helps to reduce pollution to the environment and support the energy strategy of the country that supports the use of fuel that can be procured within the country. The Energy State Enterprise has started to use NGV as fuel for NGV buses of the Bangkok Mass Transit Authority (BMTA) since 1993 and under the government's policies that want to push NGV as an alternative, the Energy State Enterprise, therefore, is the initiator of expanding natural gas as an alternative fuel in the transportation sector since 2001 and has prepared a plan to expand the use of NGV as a replacement for gasoline and diesel in the transportation sector. On October 18, 2007, the cabinet has approved a resolution proposed by NEPC to

allow the Energy State Enterprise for setting NGV price at 8.50 baht per kilogram. In 2007-2008, the Energy State Enterprise was able to adjust the price up to 12 baht per kilogram. In 2009, the price can be adjusted up to 13 baht and adjusted according to the actual cost since 2011 and beyond. During the time, the world oil price situation had continuously been increasing, the government, therefore, has mitigation measurements for the energy by fixing the NGV price at the level of 8.50 baht per kilogram until September 30, 2011. The government does so by paying compensation at the rate of 2 baht per kilogram and later extended the period until January 15, 2012, respectively. Since then, the price of NGV gradually increases at a rate of 0.50 baht per month. From the price fix policy as well as the cost of production and imports of natural gas results in the Energy State Enterprise experienced a loss increase from NGV sales during the period.

2) Price control of liquefied petroleum gas (LPG): The current structure LPG price is semi-floating. In 2010, the government has canceled the retail price control but the price of LPG at the refinery is stable at around 333 US dollars/ton resulting in a retail price fixed at 18.13 baht per kilogram. From the mentioned fixed price results in the retail price of LPG in Thailand is different from the retail prince in the work market. This lead to an increase in domestic demand which is greater than domestic production capacity. As a result, the Ministry of Energy designated the Energy State Enterprise as an importer of LPG at the world market price but sells at a government-controlled price and will receive a compensation from the Fuel Fund later. The price control of LPG results in the Energy State Enterprise is unable to sell LPG at the world market price and loses production opportunities in production to export including uncertainty from the period of LPG price fix and compensation from the Fuel Fund. Increasing domestic demand for LPG during the time results in the Energy State Enterprise has to invest in production infrastructure and more import. Eventually, in the end, the government has approved the retail price adjustment of LPG for the industrial sector in July 2011 and for the household sector since January 2012.

Therefore, it can be seen that the government sector under the Ministry of Finance as a major shareholder and the National Energy Policy Council, the State Enterprise Policy Office, and the Stock Exchange of Thailand, has the legal power and they are considered as an environment as institutions which has roles in issuing rules, regulations, policies or perform any operation of the Energy State Enterprise so

that it operates in the direction or demand and the Energy State Enterprise can follow. The Energy State Enterprise is required to comply with the above environmental pressure to be justified and survive in the long run (Meyer & Rowan, 1977).

4.2.3 Fighting with Competitors' Pressure within the Same Industry

The explanation of fighting with pressure from competitors within the same industry of the oil retail industry is done with a strategic analysis of 2 competition organizations within the same industry of the Energy State Enterprise including 1) Esso (Thailand) Company Limited (Public), the owner of ESSO brand, and 2) Bangchak Petroleum Public Company Limited, the owner of Bangchak brand, as the companies with the second-largest mutual market share (10%) in the oil retail industry. The analysis will be compared with the Energy State Enterprise, the analysis consists of 1) Product, 2) Development of other services, 3) Plan on channel development for the distribution channel, and 4) Analysis using marketing mix concepts for service businesses. Since the business competition in the oil retail industry is a combination of two forms these days, the oil and non-oil which are different from that past that focus on the distribution of oil through various channels that each organization adjusts its strategy for the most competitive advantage.

1) Product Aspect

Fuel development

New fuel development to the market is a strategy emphasized by all 3 operators. New products are released in order to increase choices for customers which is one strategy each company used to compete with each other.

The Energy State Enterprise still uses the same fuel formula as in 2010 which is PTT Blue Innovation as the premium product both gasoline and diesel. They have a distinctive feature on complete combustion allowing an engine to operate at full capacity, increase acceleration, and can save fuel as well as helping to keep the engine clean as new and being environmentally friendly (Thai franchise center, 2015).

ESSO launches fuels sold within their gas station in "Supreme" grade both diesel, gasoline, and gasohol such as Esso Supreme Diesel Plus or Supreme 95, Gasohol E20.

Bangchak launches new fuels, Bangchak Hi Diesel, which is a high-quality diesel that increases combustion efficiency, helps save fuel, and able to work at full capacity. In addition, it also improves the quality of gasohol E20 at Euro 5 standard that will wash and clean the engine, prevent clogged nozzles, and allowing engine for complete combustion.

2) Other Developments Aspect

The Energy State Enterprise emphasis on integrated gas station development to support the need of customers which is a business group that can generate more profits than the oil distribution business. Within a gas station, there are businesses including restaurants, Amazon cafe, convenience stores, Thailand Post, offering clean bathrooms including allowing franchise operators to compete in excellent gas station model development through various awards. The strategic trend from now on will focus on gas station development and non-oil businesses.

ESSO emphasis on the development of the non-oil business as well, to meet various needs and competitive conditions within the industry. Within a gas station, the Mobile 1 Center is opened to provide oil change services. It is also in partnership with Family Mart, Tesco Lotus Express, Rabika coffee shop, KFC restaurant, McDonald's, Burger King, and D'0ro restaurant to provide a variety of services.

Bangchak has expanded and improved its oil service to be modern and includes a variety of services. It focuses on non-oil businesses, for example, the Inthanin coffee shop, the Inthanin restaurant, Big C Extra convenient store. It provides services in the form of "Green Service Station" to support customers who love the environment and meeting space.

Table 1.6 Non-oil Businesses in Gas Stations

The Energy State Enterprise	ESSO	Bangchak
1) The Crystal PTT	1) Tiger Mart convenient store	1) Baichak convenient store
2) Jiffy convenient store	2) Tesco Lotus Express	2) Inthanin coffee shop
3) 7-Eleven convenient store	3) Mobil 1 Center oil change service center	3) Big C Mini
4) Jiffy Kitchen	4) Car wash store	4) Green Series
5) Jiffy Bistro	5) Family Mart	5) Green Serve oil change service center
6) Café Amazon	6) Rabika Coffee	6) Green Wash car wash
7) Thai Post Shop	7) Fast Food restaurants	7) Fast Food restaurants
8) Pearly Tea		
9) Car service center		
10) Fit Station Pro Check		
11) Fast Food restaurants		

3) Distribution Channel Development Aspect

The Energy State Enterprise has planned out the policy of the Energy State Enterprise with a goal to increase 30-40 gas stations in provinces outside Bangkok each year. In Bangkok and its perimeter, it focuses on replacing the existing gas stations that the contract is about to expire rather than expanding to new locations. Especially in Bangkok and its perimeter where there are many contracts about to expire and there are no further extensions. In addition, it is trying to reduce the size of gas stations down to less than 1 rai from the original area of 2-3 rai (Chanthawan Yantrising, personal communication, February 15, 2019).

ESSO plans out a goal to increase 30 gas stations each year from the original 650 stations throughout the country. The gas stations will be renovated under the "Synergy" theme for a modern look.

Bangchak plans out a goal to increase its gas stations by 90 stations each year within the next 5 years under the budget of 10,000 million baht. Currently,

4.2.4 Fighting with institutional pressures

For explaining the results of the study on fighting with the pressure form institutions of the Energy State Enterprise, it will be done through a perspective of the institutional theory called the "Institutionalized Environment". It describes the environment related to rules and regulations, and the needs of the organization must comply with if it needs support and creating righteousness (Scott, 1987). According to the institutional theory, fighting with the institutional environment can be done by the "institutional isomorphism" which is the non-choice behavior. The organization has to follow without the need of any justification reference or efficiency in any operation. The environmental pressure according to this concept emphasis the impact from the government, society, pressure from the culture which makes the organization characterized as defensive behavior (Oliver, 1991). At present, the Energy State Enterprise is under supervision in the form of regulations, issuing policies from external agencies, and requesting for cooperation under the organizations including the Stock Exchange of Thailand, the government under the Ministry of Finance as a shareholder, the National Energy Policy Council (NEPC), the Energy Policy Administration Committee (EPAC), Ministry of Energy, and the State Enterprise Policy Office which are the external environmental pressures caused by the coercive isomorphism. Such formal and informal environmental pressures affect the Energy State Enterprise in a way that it is necessary to create an operational model through the work process in order to ensure the certainty in business operations. "We have a guideline for creating sustainability in our business operation such as supply chain management starting from the assessment of the risk of traders by managing registration data of traders all over the country, creating risk levels as an advance warning indicator, using the SSHE system to administer security, safety, hygiene, and the environment with partners and contractors. We provide safety information of products and services, create a research process that becomes products, have environmental friendly operations by studying the Environmental Impact Assessment (EIA) before implementing any project in order to become an HPO and Corporate Governance organization. Everything we have done is for legitimacy and leading to sustainability" (Nipa Kasemsukpipat, personal communication, March 15, 2019). Implementation by creating standard through best practice from a previous model and adjusted to be certified in each quality matric or creating an operational model that suitable with the Energy

State Enterprise to create legitimacy is considered the driving force of mimetic isomorphism to increase operational certainty (DiMaggio & Water, 1983).

4.3 Study Result of the Internal Organization of the Energy State Enterprise

For the explanation of the study result of the internal organization of the Energy State Enterprise, it will be done in the dimension of 1) organizational complexity, 2) organization culture as data in the organizational environment which leads to different compensation determination. The data that is analyzed come from documents such as meeting report, annual report, publication, and in-depth interviews with those involved.

4.3.1 Organizational Complexity

For the study on the complexity of the Energy State Enterprise, the researcher used a concept form Tippawan Lorsuwanarat (2015) which proposed dimensions to determine organizational complexity factors including 1) organizational environment described in the above section, 2) technology used in the industry, 3) organization structure, and 4) power. For power, the researcher will present in the next section.

4.3.1.1 Technology used in the industry the explanation for technology used in the industry of the Energy State Enterprise is done through the pattern of the supply chain from upstream to downstream processes which consists of 3 main components, oil drilling, oil refining, and the downstream business units with the following details

4.3.1.2 Oil drilling at present, the cost of oil drilling is around 35 million baht per well. It takes approximately 5 days for a survey drill. For the petroleum survey drill, at first, the well called the exploration well will be drilled which is done randomly and is called the wildcat well to search for petroleum in the area that has never surveyed or proven before. Afterward, an assessment of economic value will be conducted, and the boundary of the petroleum reservoir will be defined by drilling assessment wells (Delineation Well). After the assessment of the economic value of the well is done and it worth the investment, the drill for petroleum production will be made (Development Well) in order to use the accumulated petroleum for other applications. The impurities in the petroleum will be separated and each fuel will be refined for its application. At present days, the Energy State Enterprise EP uses the technique called "Deep Lift" which

is an innovation that helps increase higher crude oil production levels and reduce the cost of operations (Chanthawan Yantrisingh, personal communication, February 15, 2019).

4.3.1.3 Oil refinery, today, the Energy State Enterprise has a proportion of shares in 3 companies of the oil refinery industry from a total of 6 companies in Thailand, consisting of Global Chemical Public Company Limited with 48% shares, IRPC Public Company Limited with 48% shares, and Thai Oil Public Company Limited with 48% shares. All companies have Complex Refinery Factory which requires high investment capital. Currently, there are 7 oil refinery factories in Thailand and the oil refinery capacity of Thailand is in total 1,234,500 barrels per day which can be classified according to the details as in Table 4.7.

Table 1.7 Daily Oil Refining Volume in Thailand, Ministry of Energy

Oil Refinery Name	Oil Refinery Capacity (Barrels/Day)
PTT Global Chemical Public Company Limited	280,000
IRPC Public Company Limited	215,000
Thai Oil Public Company Limited	275,000
Star Petroleum Refining Public Company Limited	165,000
Esso (Thailand) Public Company Limited	177,000
Bangchak Corporation Public Company Limited	120,000
Fang Oil Refinery	2,500
Total production capacity	1,234,500

From the above data, it shows the oil refineries, that the Energy State Enterprise holds shares, have a combined refining capacity of approximately 70% of the total daily refining capacity in Thailand. In 2018, the average fuel consumption per day is around 899,000 barrels per day. The proportion of diesel fuel is around 46%, around 21% gasoline, and around 15% for LPG, jet fuel around 14%, and fuel oil 4%. From the information on shareholding in oil refinery related companies and the number of oil refining per day, the Energy State Enterprise has technological advantages and production capacity more than other competitors within the same industry.

4.3.1.4 The downstream Business Units the downstream businesses of the Energy State Enterprise can be divided into oil business units that are distributing oil products. The products in this business can be categorized into 3 products type, products related to fuel, lubricant oil products, and products in retail businesses through gas stations under the concept of PTT Life Station, and the LPG and NGV gas station. This includes the business to business commercial market (B2B) which distributed through customers in the civil servant group, state enterprises, the aerospace industry, and transport ship, etc. Moreover, for the downstream businesses, they also include the international trade businesses which the Energy State Enterprise has the following international trade businesses including procurement, import, export, and international trade covers various products such as crude oil, condensate, petroleum products, petrochemical products, and chemical products. For the downstream industries of the Energy State Enterprise, there are channels to expand the market both domestically and internationally.

4.3.2 Organizational Size

For the measurement of the organizational size, the researcher uses the measurement factors based on the "Fortune Global 500" which is a report on the ranking of the most valuable companies. A the moment, the Energy State Enterprise is ranked at 163 of the most valuable company in the world (2018 Fortune Global 500 report, data as of April 20, 2019) with assets of 68,518 million US dollar, estimated revenue of 58,819 million US dollar, increase in revenue by 48.6% with 25,275 employees.
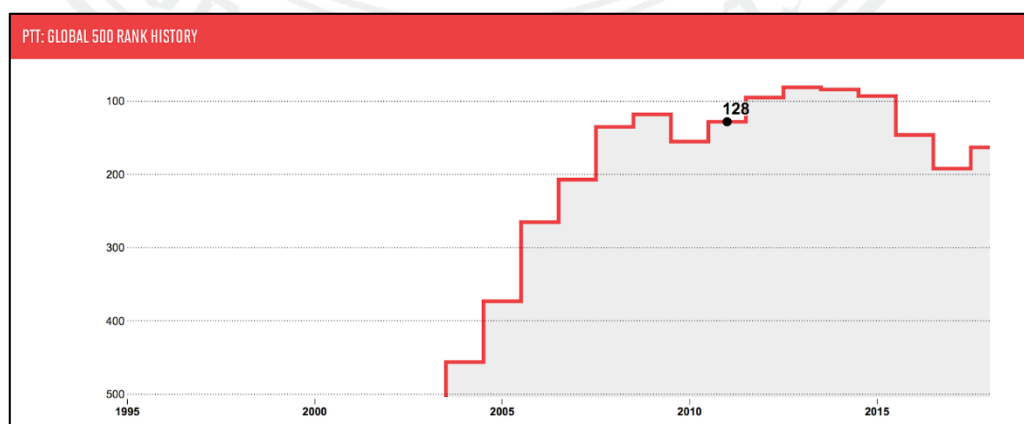
Figure 1.2 The Energy State Enterprise Ranking by the Fortune Global 500, 2018.
Source: Fortune Global Report (2019)

The Energy State Enterprise is regarded as the highest value organization in Thailand and is the only organization in Thailand that is ranked in the top 500 companies. It also the company of the petroleum industry with the top 20th most valuable petroleum company in the world. Therefore, the Energy State Enterprise is regarded as a large organization in terms of value measurement, an increase in revenue, number of personnel, and the complexity of the business.

Table 1.8 Business Ranking of the Energy State Enterprise in 2018 by the Fortune Global 500

Rank By Industry	Ranking by Revenue	Company Name	Revenue ($M)
1	3	Sinopec Group	326,953
2	4	China National Petroleum	326,008
3	5	Royal Dutch Shell	311,870
4	8	BP	244,363
20	163	PTT	58,819

Source: Fortune Global Report (2019)

4.4 Guidelines for the Management of the Executive Personnel Group of the Energy State Enterprise

For the presentation of study results for the management guidelines of the executive personnel group of the Energy State Enterprise, the researcher analyses data from documents such as meeting reports, annual reports, and in-depth interviews of stakeholders. The dimensions of preparing personnel for the executive position and method and criteria for the executive personnel recruitment are analyzed.

4.4.1 Preparing Personnel for the Executive Position

For the preparation of personnel readiness of the Energy State Enterprise, it sets strategic goals from the process of the department that related to human resource management. This department is regarded as a department that pushes personnel to work at their full potential especially personnel development to become a talent personnel group as much as possible so that they are ready to become an executive in the future (Ranet Ronnaritwichai, personal communication, March 12, 2019). The strategic goals related to personnel development to become an executive can be summarized as follows.

Table 1.9 Strategic Goals and Guidelines for Operations Related to Preparing Personnel to Become an Executive.

Strategic Goals	Operation Guidelines
The number of potential executives is sufficient for business operations	Analyze the characteristics of the position needed by the business, strengthen the skill of executives that suitable for the current and future position, regular follow-up and have a succession plan.
The number of potential employees is sufficient for business operations	Select the potential employees and enhance the skills of the employees to be suitable for executive development in the future through career management and regularly follow up on the development.
Enhance the capacity of the human resources department to be able to respond with efficient services.	Enhance the capacity and ability of executives and HR employees to be able to respond to the business's needs in the short and long term with efficiency and efficacy.

Personnel development for the potential personnel group of the Energy State Enterprise is systematically designed. The potential personnel group of the Energy State Enterprise is divided into levels so that the development is at its best efficiency through different designed courses. The entity responsible for strategic planning for potential personnel development is the Scholarship and Staff Development Committee for the potential personnel development. At present, "PTT Leadership and Learning Institute" is

established since 2013 to develop this personnel group to become leaders and executives in the future through the designed curriculum structure and is constantly updated to meet the changes by experts (Ranet Ronnaritwichai, 2019).
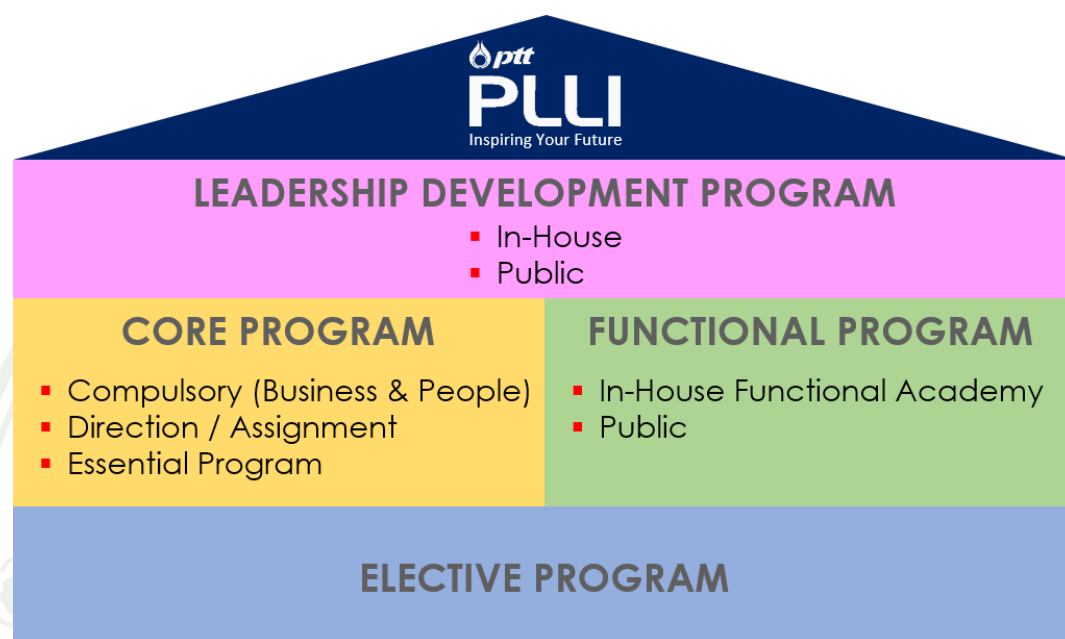
Figure 1.3   The Curriculum Structure of the PTT Leadership and Learning Institute
Source: PTTEP Public Company (2018)

"Courses for leaders, most of which are potential employees, there are currently 3 levels. The LDP 1 course will focus on developing skills, knowledge, and capability of executives so that they understand how to manage people and manage work before promoted to an important position. The LDP 2 will focus on analytical thinking, strategic planning to be able to drive and apply in the real world. The LDP 3 will focus on leadership in terms of oneself, team, and organization in order to achieve sustainable organizational goals. At this level, it is for top executives also known as SEVP Pool. For all 3 courses, students will study with world-class speakers" (Ranet Ronnaritwichai, personal communication, March 12, 2019).

For pooling of personnel in the executive group of the Energy State Enterprise, it has developed systematically through career management. Personnel will be supervised by a group of professional advisors and the human resource management committee

of the group of the Energy State Enterprise. Once promoted to the beginning level of executive onward, the human resources cooperation committee and the group committee of the Energy State Enterprise will be the supervisors. The supervisors will together plan for their own personnel development. In the end, personnel at the executive level are divided into 3 leadership pools, president group, vice president group, and department manager group. The whole process is a guarantee for the organization to prepare a succession plan systematically and get personnel who will become an executive with the potential to lead the organization to achieve its vision sustainably.

4.4.2 Methods and Criteria for Recruiting Personnel in the Executive Group

Recruiting committee, chairman, and executive officer are considered an important process because they are the personnel group determining the strategy and direction of the organization. The methods and criteria or recruiting this group of personnel starting with the position for the recruitment are vacant. Then the recruitment committee of the Energy State Enterprise, as the recruitment committee, determines methods and criteria for the recruitment and selects a list of suitable candidates. The candidates will be proposed to the Energy State Enterprise committee or the shareholder meeting to be considered and appointed later on. The composition and important criteria for selection must consist of

1) Legal qualifications in which the person who is the candidate must not have prohibited qualifications as an executive director of a state enterprise and a public company registered in the Stock Exchange of Thailand meaning there is no conflict of interest of the shareholder and the management structure, and the Standard Qualification Act for Directors and Employee of State Enterprises (No.4) of 2000, article 8 which addresses the process of recruiting the to executives of a new state enterprise.

2) Director pool of the Ministry of Finance and the Thai Institute of Directors Association. Persons who are appointed and registered are considered suitable and qualified in terms of knowledge from the Ministry of Finance and the Thai Institute of Directors.

3) Qualification of independence without any conflict of interest with the Energy State Enterprise.

4) Education and various experiences, there is a division in the dimension of education and experience related to the operation of the Energy State Enterprise

into 12 dimensions with different weight values of the selection. This is called "Board Skill Matrix and Diversity". The dimensions interested by the Energy State Enterprise for the consideration and selection including management and business administration/ administration or supervision of state enterprises registered in the SET, skills on science and technology and innovation on energy/ petroleum/ bioindustry/ digital/ automation, AI/robotics including engineering/ energy/petroleum.

Table 1.10 Qualification and Experience in Considering the Directors and Executives

	Directors Pool of the IOD	Independent Characteristic	Female Committee
Number of qualified committees	9	12	1
Education and Experiences	**Number of qualifying Committee**		
Engineering/Energy/Petroleum*	8		
Accounting	5		
Finance	6		
Law	2		
Information technology	3		
Marketing	2		
Management and business administration/ management or supervision of state enterprises registered in the SET	14		
International business	4		
Economy	5		
Science technology and innovation in energy/ petroleum/ bioindustry/ digital/ automation, AI/ Robotics	9		
Political Science	5		
Civil Society/ Community Enterprise/ Natural resources/ Environment and sustainable development	7		

Source: Fortune Global Report (2019)

Note: Report of the Composition of the Board of the Energy State Enterprise of May 2018

5) Various skills (Skill mix), the recruitment committee will specify the needed skill (Skill Mix Target) of the position in management and director position level. The skill sets in the executive position can be divided into 2 parts, core skills and specific skill which can be summarized as follows.

Core Skill

- Risk and Crisis Management

- Economics and Finance

- Business Judment

- Management Skill & Corporate Governance

Specific Skill

- Industry Knowledge

- Accounting

- Legal

- International Market

- Organization Change & Development

- Safety, Security, Healty and Environment (SSHE) and Technology
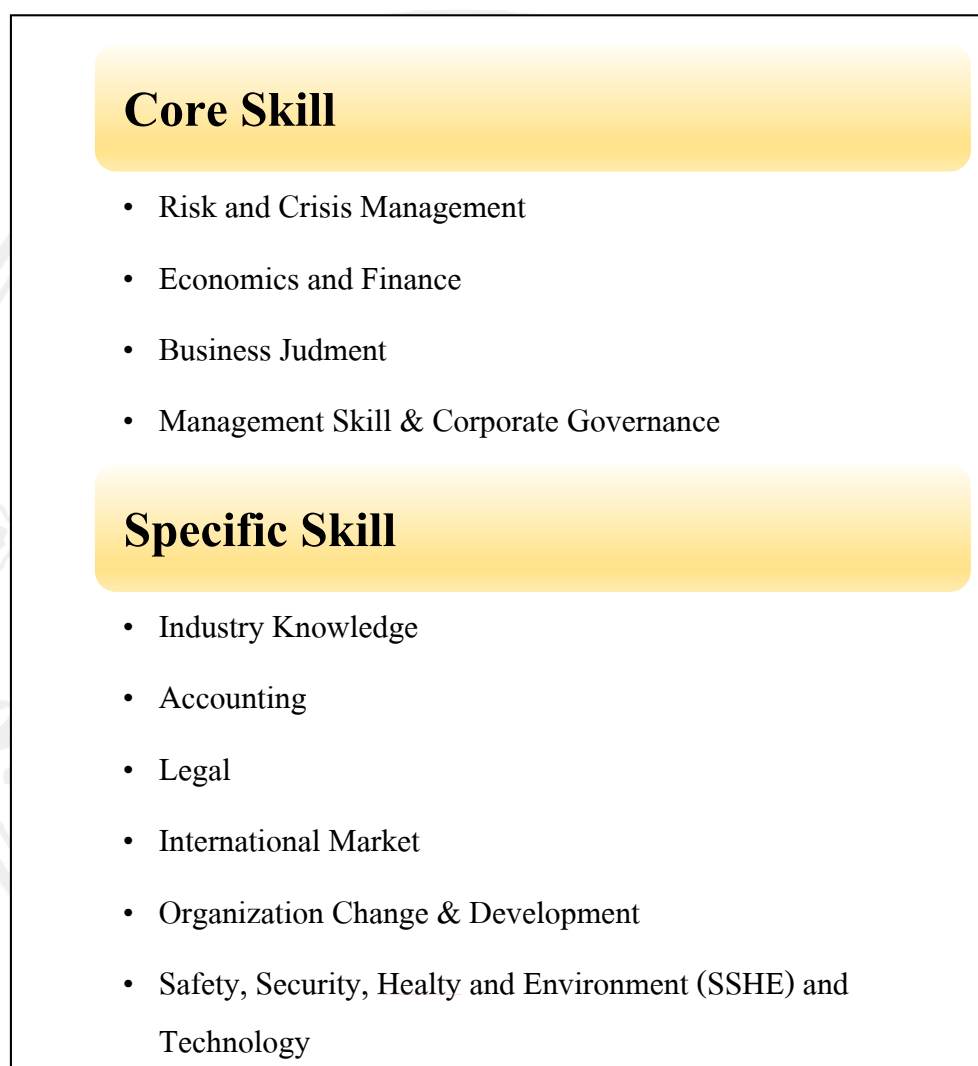
Figure 1.4 Skill Mix and Specific Skill for the Selection of the Executive of the Energy State Enterprise

Source: The Stock Exchange of Thailand (2017)

Note: Report of the board of directors detail of the Energy State Enterprise to the Stock Exchange of Thailand, 2017 (December 19, 2017)

4.5 Compensation Management for the Executive Group of the Energy State Enterprise

Compensation management for the executive group of the Energy State Enterprise is considered by the compensation committee of the Energy State Enterprise. The compensation committee will negotiate with the candidate in the level of executive, board, and issue-specific board. The compensation committee is responsible for specifying the criteria and method of compensation determination. The committee is also responsible for organization restructure, wage, and job level and use this information to adjust the criteria in compensation determination. For compensation determination, the compensation committee only considers from the deputy managing director level onward.

4.5.1 Consideration for Compensation Determination of the Executive Personnel Group

Criteria for consideration of compensation determination of the personnel in the executive group consists of 2 components including factors from the base income or base salary. For this, the compensation committee will negotiate with the candidate for a position by considering the evaluation results from the recruitment committee using the Skill Mix criteria that has been initially evaluated for the positions within the scope of duty for consideration (from vice president and executive officer) together with compensation determination within the same industry. The compensation rate for the Chief Executive officer to the top executive is at 1:1.4 ratio and the average ratio between the Chief Executive Officer to the average base payment is at 1:39. The range of base salary for each position is already determined.

Table 1.11 Base Compensation Range for Personnel in the Executive Group of the Energy State Enterprise

Position	Range of Base Salary (Baht)
Chairman and Executive Officer	400,000 – 600,000
Vice-Chairman and Executive officer	200,000 – 300,000
Committee	30,000
Audit committee	15,000
Other committees	24,000

The next factor is compensation determination by considering the performance of the Energy State Enterprise which is considered according to the State Enterprise Performance Appraisal (SEPA) system. This system is assessed by the State Enterprise Policy Office (SEPO) within each fiscal year. The Energy State Enterprise has entered the full assessment since 2011 and the Energy State Enterprise is classified into Group A state enterprises that have criteria and assessment weight value different from state enterprises in other groups. At the beginning of a fiscal year, criteria will be set to measure the performance and the shared target value between the State Enterprise Office and the Energy State Enterprise to set a memorandum of the Performance Agreement (PA). This agreement consists of the process and system assessment of the state enterprise from sections 1-6 and the results in each dimension. The criteria of performance measurement can be summarized as follow. (Pailin Laohakul, personal communication, February 25, 2019).

Table 1.12 The Criteria for Performance Measurement of the Energy State Enterprise
in the State Enterprise Appraisal System

Assessment Topics	Criteria for Performance Measurement
The assessment of processes and system of the state enterprise sections 1-6	1. Roles of the State Enterprise Committee 2. Risk management 3. Internal control 4. Information administration 5. Human resource management
Performance customer focus	1. Customer Engagement Score 2. Consumer Engagement Score
Performance in finance and market	1. Economic Profit of the energy state enterprise group 2. PTT Non-Oil Operation Profit
Performance on personnel focus	1. Employee Engagement
Performance on the efficiency of processes	1. Ability to manage investment plans
Performance on organization lead	1) Strategic plan achievement 2) Greenhouse gas management of the Energy State Enterprise 3) Importing data into the GFMIS – SOE system 4) Measurement indicators for research and development performance 5) Good corporate governance and anti-corruption

Source: The Stock Exchange of Thailand (2017)

Note: Report on the memorandum of performance assessment between the State
Enterprise Policy Office and the Energy State Enterprise of 2017.

After the performance assessment of the Energy State Enterprise according to criteria agreed with the State Enterprise Policy Office is performed, The incentive payment system will be used as the compensation payment rate for personnel in the executive group. The form of payment will be differently classified by the group of state enterprises in order to be used as an incentive system in the monetary compensation according to the state enterprise performance assessment system (Announcement of criteria for improving the incentive system in the monetary compensation under the State Enterprise Performance Appraisal, 2013). The Energy State Enterprise is classified into Group 1 meaning state enterprises registered and distribute shares in the Stock Exchange of Thailand. In this group, they can set the variable on the assessment system and the incentive system for personnel and employees. The state enterprise will use the industry norm as standard and average criteria. In 2017, compensation payment in incentive form is paid to the chief executive officer and the managing director for 10,571,000 baht and personnel in the executive level combined of 12,309,400 baht from the assessment score of 4.86. For the directors of the company, the payment criterion is at 0.05% of the annual net revenue at a maximum of 3,000,000 baht per person per year for the directors. The chairman of directors receives 25% more than other directors. On average, each director receives a bonus of 1,700,000 baht per person from the average of 2,8000,000 baht per person of bonus payment for directors of companies in the Stock Exchange SET 50 (Amaranant, 2015).

4.6 The Energy State Enterprise and the Use of Political Factors for Competitive Advantages

From a study of executive recruitment in China, it is found that companies involving government power emphasis on considering political tie factors in the selection of personnel in the executive group more than companies that focus on competing with mechanisms of the market (Marketization) which will consider primarily on the ability of the organization without looking at political factors. The Energy State Enterprise is a company with 2 roles. For the first role, it is a state enterprise in which the Ministry of Finance holes 51% of the shares. The second role is a private company registered on the Stock Exchange of Thailand. Therefore, the Energy State Enterprise is considered

as a semi-government and semi-private company. For this characteristic, the Energy State Enterprise has 2 special privileges in case an issue arises, 1) Privileges from being a state enterprise which can borrow money from various sources with the Ministry of Finance as the guarantor and when a dispute occurs with a court case, an attorney general will be responsible for the defense. In case of a legal issue arises, the Office of the Council of State will be a consultant. 2) Special privileges from the benefits of being a private company which is not subject to the rules and regulations of the Ministry of Finance and receive investment support from BOI (Wannateapsakul, 2015). The structure in which the Energy State Enterprise has responsibility concerned government-related organizations can be summarized into a figure as follows.
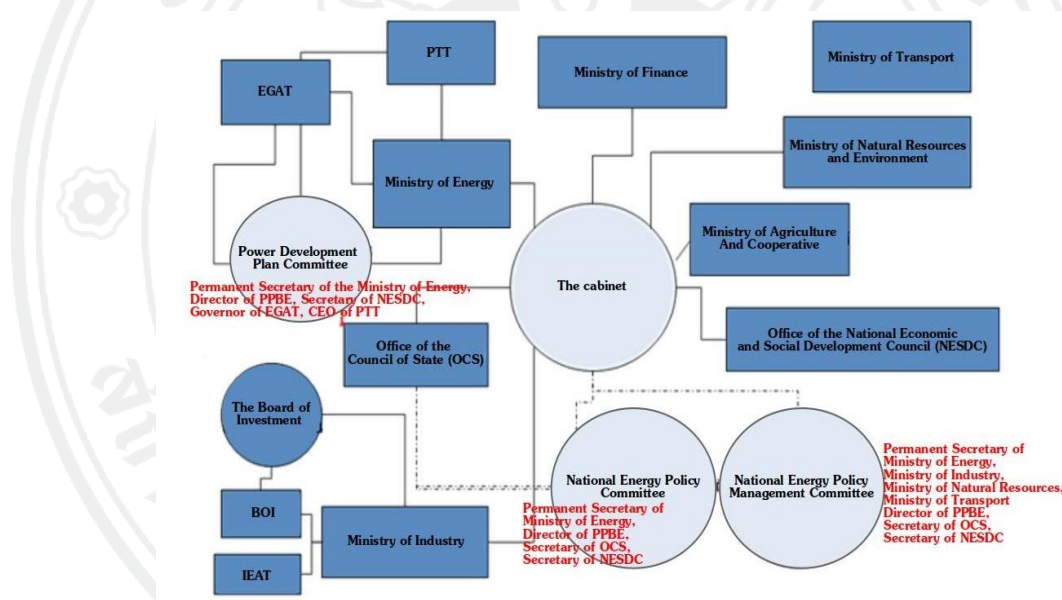
Figure 1.5 Related Government Organization Structure of the Energy State Enterprise

The entity, with state power to supervise and oversee the energy industry these days, is the Ministry of Energy. In every committee related to the determination of the energy policy of the country, there will be high ranking government officials from the Ministry of Energy in each committee which is a position link to the authority. High ranking government officials from other government agencies can also be invited to be part of the committee as well. Therefore, the Ministry of Energy is a government agency with a high role in determining energy-related policies in Thailand.

Table 1.13 Authority by Position in the Committees Related to Energy

Electricity Demand Forecasting Committee	The Committee on Consideration and Revision of Electricity Production Development Plan of the Country	National Energy Policy Committee
Permanent secretary of the Ministry of Energy	Permanent secretary of the Ministry of Energy	Prime Minister
Director of the Energy Policy and Plan Bureau	Vice secretary of the Ministry of Energy	Deputy Prime Minister/Minister of the Prime Minister's office/Minister of
Representative from ONESD	Energy Regulator Commission	Defense/Minister of
Representative from TDRI	Secretary of the National Economic and Social Development Council	Finance/Minister of Foreign Affairs/Minister of
Representatives from electricity producers	President of the Electricity Generating Authority of Thailand	Agriculture/Minister of Transport/Minister of Natural
President of the private electricity generating association	President of the Energy State Enterprise	Resources/Minister of Energy/Minister of
Representatives from the Federation of Industries	Director of the Energy Policy and Plan Bureau	Industry/Minister of Commerce/Minister of
Representatives from the Board of Commerce		Interior/Minister of Science/Permanent secretary of the Ministry of Energy
		Secretary of the Office of the Council of State
		Secretary of ONESD
		Director of Budget Bureau
		Director of the Energy Policy and Plan Bureau

Source: Ministry of Energy. Energy Policy and Planning Office. (2018)

In addition to the positions within the committee that linked to the authority of high ranking government officials within the Ministry of Energy, the power is also distributed from positions related to the energy-related committee to related government officials from the director-general level of relevant departments such as the Petroleum Committee, Fuel Control Board, etc.

Table 1.14 Authority by Position in the Committees Related to Energy

Energy Policy Management Committee	Petroleum Committee	Fuel Control Committee
Minister of Energy	Permanent secretary of the	Permanent secretary of the
Permanent secretary of the	Ministry of Energy	Ministry of Energy
Ministry of Energy	Director-general of the	Director-general of the
Permanent secretary of the	Department of Lands	Department of Land Transport
Ministry of Transport	Director-general of the	Director-general of the
Permanent secretary of the	Department of Fisheries	Department of Water
Ministry of Natural	Director-general of the Royal	Transport and Marine
Resources	Forestry Department	Commerce
Permanent secretary of the	Director-general of the	Commissioner-General
Ministry of Commerce	Revenue Department	of the Royal Thai Police
Permanent secretary of the	Directory of the Energy	Director-general of the
Ministry of Industry	Policy and Plan Bureau	Department of Commercial
Secretary of the Office of the	Representatives from the	Registration
National Economic and	Ministry of Defense	Director-general of the
Social Development Council	Representatives from the	Department of Pollution Control
Secretary of the Office of the	Ministry of Finance	Director-general of the
Council of State	Representatives from the	Department of Industrial Works
Director of the Fiscal Policy	Ministry of Industry	Directory of the Energy
Office	Experts in various fields	Policy and Plan Bureau
Directory of the Energy	Director-general of the	President of the Energy State
Policy And Plan Bureau	Department of Natural Fuel	Enterprise
		Director-general of the
		Department of Disaster
		Prevention and Mitigation.

Table 4.14 (Continued)

Energy Policy Management Committee	Petroleum Committee	Fuel Control Committee
		Representatives from the Federation of Thai Industries
		Representatives from the Thai Chamber of Commerce and Board
		Director-general of the Department of Energy Businesses

Source: Ministry of Energy. Energy Policy and Planning Office. (2018)

From the above table, the Energy State Enterprise is relevant to many government agencies. Moreover, the position that has important roles in the energy policy determination and supervision in Thailand is the Permanent secretary of the Ministry of Energy and the director of the Energy Policy and Planning Bureau which are members of all energy committees. It is also found that they also have positions in oil-related companies as well.

Table 1.15 Roles in Government and Private Segments of Important Positions Related to the Energy Committee

Position	Government Segment Roles	Private Segment Roles
Permanent-secretary of the Ministry of Energy	National Policy Committee Energy Policy Management Committee Chairman of the Electricity Demand Forecasting Committee Chairman of the Energy Fund Management Institute Energy Fund Management Institute Committee Renewable Energy Promotion Committee	Chairman of the Energy State Enterprise Chairman of the Energy State Enterprise Aromatic and Refinery Chairman of the Energy State Enterprise Chemical Chairman of EGAT

Table 4.15 (Continued)

Position	Government Segment Roles	Private Segment Roles
Director of the Energy Policy and Planning Bureau	Committee and secretary of NEPC Committee and secretary of NEPMC Committee on the Petroleum board Committee on PDP plan board Subcommittee on Electricity Demand Forecasting	Committee of the Energy State Enterprise EP
Director-general of the Department of Energy Fuel	Committee and secretary of the Petroleum Board	Chairman of the Energy State Enterprise EP Committee on Electricity Generation of Ratchaburi Holding Committee on Electricity Generation
Director-general of the Department of Energy Businesses	Committee and secretary of the Fuel Control Board	Committee of the Energy State Enterprise EP Committee on Electricity Generation of Ratchaburi Holding
Director-general of the Department of Renewable Energy and Energy Conservation	Committee and secretary of the Renewable Energy Development and Support	Committee of the Energy State Enterprise Committee on Electricity Generation of Ratchaburi Holding

In addition, within the board of directors of the Energy State Enterprise which consists of 7 from 15 committees who, in the past, have been associated with governments or being related to the energy-related committee and can be summarized as follows.

Table 1.16 Important Roles of the Government Segment in the Current Committee of the Energy State Enterprise

Position	Important Roles in the Government Segment
Chairman of the Compensation Determination Committee	Command and General Staff
Chairman of the Good Corporate Governance Committee	Prime Minister Advisor
	Permanent-secretary of the Ministry of Justice
Audit Committee	Permanent-secretary of the Ministry of Commerce
Audit Committee	Deputy Secretary-general of the National Economic and Social Development Council
	Committee of Provincial Electricity Authority
Recruitment Committee	Director of the Budget Bureau
Compensation Determination Committee	Deputy Permanent-secretary of the Ministry of Finance
Organizational Risk Management Committee	Permanent-secretary of the Ministry of Energy
Committee Secretary	Chief Executive Officer and President of the Energy State Enterprise

Source: Wannateapsakul (2015)

Since a group of government officials play roles in policy determination and supervise energy use, as a result, it is questioned on the advantage of using the power in each position to benefit the Energy State Enterprise both in terms of accessing resources or benefit from issuing policies. For example, proposing matters to the Minister of Ministry of Energy by the Petroleum Committee which suggests the transfer of the power on surveying and determination of survey plot in an exploration area to the Director-general of the Department of Natural Fuels. Apart from that, PTTEP received several petroleum concession blocks in the Gulf of Thailand. In 2018, it was able to win the bidding on the Bongkot-Erawan natural gas field with the signing of gas purchase-sales agreement between the Energy State Enterprise and PTTEP. Subsequently, a matter of power in approving the 3rd natural gas pipeline system was raised and

referred to the PDP plan of 1967 resulting in the investment plan in the gas pipeline business of the Energy State Enterprise that worth 100 million baht. This plan was approved by the government resulting in the Energy State Enterprise can raise the fee for using the gas pipeline while EGAT also increases the electricity price.

From the research of Wannateapsakul (2015), it was found that the time when the government power was most used to benefit the Energy State Enterprise is between 2008-2013 or during the coup by the Council of National Security (CNS) led by General Sonthi Boonyaratkarin or during the government of General Surayut Chulanon continuously with the government of Mr. Abhisit Vejjajiva. During the period, there were many amendments of energy-related laws such as the Petroleum Act (No.6) of 2007 resulting in a reduction of petroleum royalty fees including approvals of new concession areas without any limit to various energy businesses. In the same year, the Standard Qualification Act for Directors and Employees of State Enterprises (No. 5 and 6) of 2007 was amended to allow high ranking government officials to be at the director position in many subsidiaries of state enterprises without breaking the law with the condition that the persons must be appointed to be directors in the parent state enterprise before they can be sitting in the subsidiary companies in its network. Other examples are the approval of the master plan for the No.3 natural gas pipeline, in which the Ministry of Energy agreed to fix the oil price using a subsidy for oil companies from the Energy Fund or the amendment of the Petroleum Act which is done in 2008. The Ministry of Energy proposed the reduction of petroleum royalty and transfer the power to the Ministry of Energy in expanding the period for the concession's sources. Subsequently, the Ministry of Energy proceeded with issuing petroleum concessions to 4 petroleum resources.
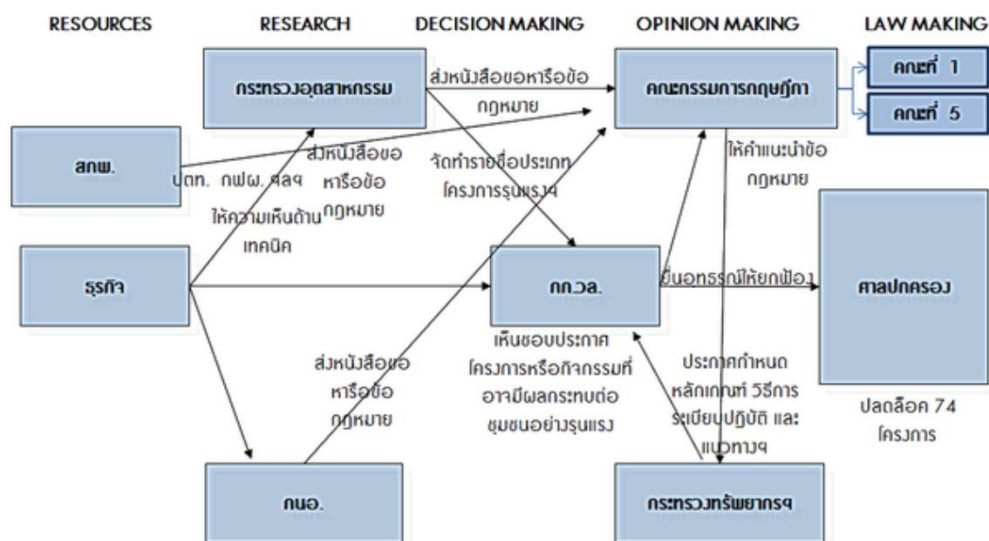
Figure 1.6 The Influence of the Energy Business with Government Official Network

Source: Wannateapsakul (2015)

The presence of high-ranking government officials or those involved in policy and the domestic use of energy which can be questioned for appropriateness. This may result in conflicts of interest of the government officials with questioning in creating advantages-disadvantages and causing inequality in the competition. Currently, the Energy State Enterprise is a large-scale business with a rapidly growing revenue margin. The Energy State Enterprise is in the state of the semi-state enterprise and semi-private, part of the revenue must be distributed to the shareholders even though the Ministry of Finance holds approximately 51% of the shares.

4.7 General Context of the Airport-management State Enterprise

4.7.1 Background

The aviation business in Thailand began in 1911. On February 2-8, 1911, Van Den Born, a Belgian pilot who brought an airplane called the Orville Wright to perform a show in Thailand at the racecourse of the Royal Bangkok Sports Club, Pathumwan, Bangkok. Since then, Thailand had developed more in aviation, for example, sending military offices to be trained in aviation in France in 1911. The first aircraft order of

Thailand was done in 1913. In the beginning, the aviation business is under the responsibility of the Inspector General Department by using the racecourse of the Royal Bangkok Sports Club as a part of the airport and is called Sra Pathum Airport. However, since the Sra Pathum Airport is small and located in an inappropriate location, an area for a new airport was chosen later. In the end, the area in Don Mueang district was chosen and became the "Don Mueang Airport". The first airplane was landed there on March 8, 1914. On March 27, 1914, the Department of Army Aviation was set up to oversee the business. The stable foundation of the Thai aviation industry began here.

Since the beginning of the airport management business, the management guideline has changed to be under more business model causing the Bangkok Airport Administration to change and develop rapidly. The Airport Management State Enterprise is an efficient state enterprise in management and is one of the state enterprises that generate a lot of revenue for the government. It is also capable to develop the Thai airport into the next level. Later, It received 4 regional international airports transferred from the Department of Commercial Aviation to be under its management, namely, Chiang Mai Airport (transferred on March 1, 1988), Hat Yai Airport (transferred on August 26, 1988), Phuket Airport (transferred on October 8, 1988), and Chiang Rai Airport (transferred on October 2, 1998). His Majesty the King granted permission to the Chiang Rai Airport to be named "Mae Fah Luang Chiang Rai Airport" on March 13, 2010 and took over the operations at Suvarnabhumi Airport on August 4, 2003. As a result, the Airport Management State Enterprise currently has 6 airports under its scope of management. For its business structure, there are 9 companies as shareholders with the largest shares at 60% and the smallest shares at 1.50% which can be summarized as shown in Table 4.17.

Table 1.17   Proportion of Shareholders in the Airport Management State Enterprise

No.	Company Name	Type of Business	Shareholding
1)	Suvarnabhumi Airport Hotel Company Limited	Airport Hotel	60.00 %
2)	Thai Airport Ground Services Company Limited	Providing warehouse services, aircraft apron and, airport mechanic services	28.50 %
3)	Airport Duty-free Company Limited	Duty-free shops in Bangkok and regional airports	10.00 %
4)	Thai Aviation Refueling Company Limited	Aircraft fuel delivery system services	10.00 %
5)	Phuket Air Catering Company Limited	Food and beverage services for airlines	10.00 %
6)	Airport Associate Company Limited	Car services, business services (limousine) at the international building, Bangkok Airport	19.00 %
7)	Don Mueang International Airport Hotel Company Limited	Management and operation related to hotels at Don Mueang Airport	9.00 %
8)	Bangkok Aviation Fuel Services Public Company Limited	Business in fuel storage and aircraft refueling services	4.94 %
9)	Trade Siam Company Limited	Electronic Data Interchange	1.50 %

4.8 Environmental Study of the Airport Management State Enterprise

For the presentation of the environmental study of the Airport Management State Enterprise, the researcher analyses main businesses related to airport management business in Thailand using the concept from Finkelstein, Finkelstein et al. (2009) which considers from 1) Task environment, 2) Internal organization including in-depth interviews from

a related individual of the Airport Management State Enterprise. From a further study on documents, it can be summarized into the following bullet points.

4.8.1 Task Environment

Task environment means the environment related to the operation of an organization from the production process until products and services are released including the ability and context of the competitive environment within the industry (Finkelstein et al., 2009). The task environment of the Airport Management State Enterprise has the following matters to be considered.

4.8.1.1 Different in goods and products

To explain the difference in goods or products of the Airport Management State Enterprise, it can be explained with the "Competitive Advantage Theory". The main businesses of the Airport Management State Enterprise in Thailand relate to management, operation, and 6 airport development around Thailand including Suvarnabhumi Airport, Don Mueang Airport, Chiang Mai Airport, Hat Yai Airport, Phuket Airport, and Mae Fah Luang Airport. Product differences can be described as follow.

1) Product concentration characteristics, currently, there are approximately 50 commercial airports that are open to the general public in Thailand. 6 of which are managed by the Airport Management State Enterprise, 28 of which are managed by the Department of Airports, Ministry of Transport. The mission is to promote and develop the network and the operation of airports so that the airports are safe and effective with the authority to study and analyze the necessity and possibility of building a new airport and manage airport businesses under its scope of responsibility so that the airports are orderly and comply with the legal (Ministry regulation of the Department of Airports, Ministry of Transport, 2015). The other 3 airports are managed by Bangkok Airways Public Company Limited. These are 3 main players within the airport management business in Thailand. The rest is managed by the Royal Thai Air Force. Therefore, businesses in commercial airport management are concentrated in terms of the number of players in the market from commercial airports nationwide. The Airport Management State Enterprise has competitive advantages in creating an almost complete service model within the airport business chain. These advantages include the legal power in the management of airports, shareholding in companies that can enter the

airport management business, and the selection of those who provide services within the airports. This results in creating advantages over competitors leading to better performance (Scherer, 1980).

2) The level of product differences, the analysis of the level of product differences is done through the analysis of the airport operation guideline of the Airport Management State Enterprise which is considered its main products and services. It is found that, in 2017, the total revenue for its operation is 54,901.16 million baht. The proportions of revenue of the Airport Management State Enterprise are from 2 main parts, the aeronautical revenues and the non-aeronautical revenues (Laddawan Prasobkunawan, personal communication, April 25, 2019). In 2017, the revenue proportion is at 59.96:43.04 (Annual report of 2017, the Airport Management State Enterprise). The aeronautical revenue is divided into 43.02% of outbound passenger service which is the largest proportion of revenue and revenue from airport service charges which is the revenue the company charged to the airline when an aircraft landed in the proportion of 12.44%. The revenue from services relating to the aircraft bridge connection to a building is at 1.49%. The non-aeronautical revenues are divided into revenue from tenants such as retail businesses, aircraft refueling services, aviation kitchens, restaurants, etc. which has a proportion of 27.29%, revenue from the area and land rental 4.22%, and revenue from other services within the airport 11.53%.

Differences of the 6 airports under the supervision of the Airport Management State Enterprise, currently, 5 of which are considered the most crowded airport in Thailand. The high density of passengers is an important advantage in the industry. The top 10 airports of passenger density in Thailand can be summarized as follows.

Table 1.18 Top 10 most Passenger Density of Airports in Thailand

No.	Airport	2019 (Million Passengers)	2018 (Million Passengers)	Supervised Organization
1)	Suvarnabhumi Airport	62.81	59.08	The Airport Management State Enterprise

Table 4.18 (Continued)

No.	Airport	2019 (Million Passengers)	2018 (Million Passengers)	Supervised Organization
2)	Don Mueang Airport	40.56	37.18	The Airport Management State Enterprise
3)	Phuket Airport	18.26	16.23	The Airport Management State Enterprise
4)	Chiang Mai Airport	10.81	9.97	The Airport Management State Enterprise
5)	Hat Yai Airport	4.27	4.35	The Airport Management State Enterprise
6)	Krabi Airport	4.19	4.08	DOT
7)	Mae Fah Luang Airport	2.80	2.38	The Airport Management State Enterprise
8)	Udon Thani Airport	2.65	2.35	DOT
9)	Samui Airport	2.60	2.05	Bangkok Airway Company
10)	Surat Thani Airport	2.11	2.03	DOT

Source: AOT (2017)

Next, the type of stores within the airports. For the airports under the management of the Airport Management State Enterprise, the Airport Management State Enterprise manages the area characterized by opening an auction for only one private company to manage the area within an airport and select stores with well-known brands to open stores. Some airports may have duty-free stores. This is different from

stores in an airport supervised by DOT which focuses on allowing local stores to sell alternately under the 70/30 principle by opening an auction for 70% of the stores to be opened within the airport and rotate with 30% local stores. These two matters are the product differences within the airport management industry. However, the study of satisfaction in using the airport services by comparing the airports managed by the Airport Management State Enterprise and DOT which surveyed on the satisfaction of facilities, services the airport provides, and entertainment services, it was found that passengers were satisfied at the same average level (Anankamaneekul, 2010).

3) Obstacles in entering the industry, at the moment, there are 3 main organizations who are responsible for managing airports in Thailand consisting of the Airport Management State Enterprise, DOT, and Bangkok Airways Public Company Limited which operates an airline business and airports at the same time. However, businesses related to airport management are considered an obstacle for new players to enter the market. From high cost in the business investment, airport management business requires specific knowledge and skill, requesting for permission process to build requires multiple steps, and the time required before the business can be operated. Therefore, at present, there is no organization that has sufficient potential to enter this industry. DOT is a government agency responsible for airport management and studies the feasibility of building a new airport in Thailand. "The feasibility study of building an airport has the following issues to address, starting from 1) Feasibility study on the airport location to assess which airport is the most suitable. In general, it consists of environment suitability, engineering suitability, and economic suitability, 2) The number of passenger and flight estimation, 3) Runway length and direction analysis, 4) The background of the area and the boundary of the airport, 5) The system design process of the airport and preliminary model, 6) Environment impact assessment, 7) Public participation" (Prachak Bunyarit, personal communication, May 3, 2019). The feasibility survey of building an airport can be done by both the government and private sectors. Afterward, requesting the airport construction is under the Department of Civil Aviation responsibility which has to show the result from the study coupled with the design and construction standards of the airport such as direction, number, width, length, runway, stop way, taxiways, organizational structure, personnel development plan, etc. For the analysis of obstacles in entering the industry, the researcher uses the five forces model

proposed by Porter (1985) to assess the competitiveness of the gas station industry and retail industry from the 5 market pressures, which can be summarized as follows

Table 1.19 The Analysis of the Five Forces Model of the Airport Management State Enterprise

Subject	Detail
Industry Rivalry	1. There are only 3 potential competitors in the market. At present, the Airport Management State enterprise is the player with the highest potential. 2. The Airport Management State Enterprise is the organization with the highest revenue in the airport management business (20,683 million baht in 2017) from the management of 6 airports while DOT has a total revenue of 800 million baht from 28 airports management. 3. Competitors in the market have different business goals. While the Airport Management State Enterprise focuses on profit-oriented management, DOT focuses on management to provide a comprehensive service infrastructure in all areas, and Bangkok Airway Public Company Limited focuses on customer groups from its own airline.
Bargaining power of supplier	1. The Airport Management State Enterprise has high negotiation power with suppliers since it is the only operator who has the authority to manage the airports. For example, the concession fee from the duty-free shops is at 17-19% or the high rental price of store-restaurant within the airport resulting in more expensive food prices than the market, etc.
Bargaining power of customer	1. Negotiation power in using the airport services is low due to limitations in the number of airports especially international travel.
Threats of substitute product or service	1. The number of services that can be replaced is low especially by other basic infrastructure systems in transportation such as trains, long-distance buses, vans that still lack management efficiency combined with the fare of the airline is not much different resulting in the number of usages is increasing every year.

Table 4.19 (Continued)

Subject	Detail
Threats of the new entrance	1) Entering the market for a new competitor is difficult
	2) Entering the market for a new competitor to compete with existing players requires capital and basic infrastructure investment. It is estimated that building a commercial airport has to spend at least 3,000 million baht in the investment.
	3) Entering the market for a new competitor requires expertise in the industry.
	4) The leading competitor in the market is the Airport Management State Enterprise which is able to create competitive advantages over other competitors due to it is a semi-government semiprivate. Competition from a new player is difficult.

Source: The Airport Management State Enterprise (2018)

4.8.2 Legal Constraints

To present the results of the legal constrain of the Airport Management State Enterprise, it will be described under the conceptual framework of "New Institutional Theory" (Mayer & Rowan, 1977) which explains organization being exposed to external pressure and it has to comply with the set rules and regulations in order to receive legitimacy and survive in the long run. Currently, the Airport Management State Enterprise must comply with environmental regulations or external organizations that supervise through issuing rules, regulations, indicators or quality assurance as follows.

1) Good corporate governance of the Stock Exchange of Thailand, the Airport Management State Enterprise is considered a state enterprise under the Stock Exchange of Thailand. This results in the internal operation of the organization have to follow rules and regulations under the corporate governance policy and ethics of the Stock Exchange of Thailand under the principle "The Organization for Economic and Co-operation (OECD) to build credibility and create transparency in the operations and build competitiveness. The measurements related to organization management consists of 5 components, the right of shareholders, equitable treatment of shareholders, the roles of stakeholders, information disclosure and transparency, and the responsibility of the

board (The Principles of Good Corporate Governance for Company Listed 2012) to build trust among investors.

2) Supervision by the State Enterprise Policy Office (SEPO), SEPO is responsible to manage and develop state enterprises and state securities by proposing policies and measurements to supervise, assess, and develop state enterprises. It aims to increase the performance of state enterprises and increase value added to the state's asset as well as promotes and support the private sector to invest in the state's businesses. SEPO has designed a system to assess the quality of state enterprises as a tool for evaluating state enterprises and affects the classification level of state enterprises and incentive management in both financial and non-financial. The performance assessment of the Airport Management State Enterprise from SEPO has different assessment approaches from the non-listed in the Stock Exchange of Thailand (non-listed SOE). The performance criteria consist of the output from state enterprise operation with a weight of 65% and organization management weighed 35%. Afterward, criterion weight with not more than 10 indicators and the target value of the indicators will be determined. The performance of the Airport Management State Enterprise will lead to the incentive system for compensation both financial and non-financial. The score from the performance assessment of the Airport Management State Enterprise from SEPO in the past 5 years has been evaluated with the scores achieving the determined goals for all 5 years (State Enterprise Performance Assessment Score 2014-2018 by the State Enterprise Policy Office).

Table 1.20 The Report of State Enterprise Performance

Performance Assessment Score of the Airport Management State Enterprise in the past 5 years. (Full mark is 5)					
Assessment category	**2018**	**2017**	**2016**	**2015**	**2014**
Operation according to policy/mission according to strategy	1.53	-	-	-	-
Organization management/process	4.23	4.12	4.24	3.84	3.85
State enterprise performance/outcome	3.63	3.20	3.49	3.34	2.61
Total score	3.57	3.52	3.75	3.51	3.06

Source: State Enterprise Policy Office (2018c)

3) Government supervision, the Airport Management State Enterprise is a registered company with the second-highest market price on the Stock Exchange of Thailand. The value of the Airport Management State Enterprise by the end of 2017 is approximately 900,000 million baht with the brand value as high as 400,000 million baht. The largest shareholder is the Ministry of Finance with 70.00% shares proportion. The top 5 major shareholders of the Airport Management State Enterprise can be shown in Table 4.20.

Table 1.21   List of Major Shareholders of the Airport Management State Enterprise

No.	Major Shareholders	Shareholding (%)	Number of Shares (Shares)
1)	Ministry of Finance	70.00	10,000,000,000
2)	Thai NVDR Company Limited	4.49	641,021,434
3)	Southeast Asia UK (Type C) Nominees Limited	2.76	394,568,386
4)	State Street Europe Limited	1.67	238,587,771
5)	Social Security Office	1.16	165,071,600

Source: SET of Thailand (2019)

From the above data, it shows that the main shareholder of the Airport Management State Enterprise is the Ministry of Finance in a proportion of 70%. Therefore, the operation of the Airport Management State Enterprise can be pressured by rules and regulations issued from the government through the Ministry of Finance as the main shareholder or through issuing related supervision law. "Recently, the Airport Management State Enterprise has opened an auction for duty-free store concession in its airports. Even though the board resolution of the Airport Management State Enterprise decided to use a single contract model and use only one contract for all 4 duty-free stores, but we were made to review that resolution eventually. In a preliminary meeting with the Ministry of Transport, a resolution to postpone the opening of the auction for the duty-free stores and the right to manage the commercial area first. Afterward, it must

consult with the Ministry of Finance under the Investment Between Government and Private Sector Act, specifically on the setting up of criteria for consideration. It can be seen that we are a state enterprise with the Ministry of Finance as the main stockholder, therefore, it is normal to be involved with the government in supervising and implementing the policy" (Naris Priyanon, personal communication, April 25, 2019). Moreover, the Airport Management State Enterprise has to comply with rules and regulations issued by the government. Each aspect can be summarized in Table 4.22.

Table 1.22   Table with Rules and Regulation issued by the Government Sector Related to the Airport Management State Enterprise

Topic	Related Rules and Regulations
Rules and regulations on occupational health.	1. State Enterprise Relations Act of 2000 2. Announcement of the State Enterprise Relations Committee on minimum standards of employment conditions in state enterprises 3. Safety, Occupational Safety, and Working Environment Act of 2011 4. Labor Protection Ac of 1998
Laws or measures related to safety and the security of air transportation systems.	1. Aviation Act of 1954 2. Royal degree on power and benefits definition of the Airport Management State Enterprise of 2002 3. Prime minister office regulation on the national security of 2009
Rules and regulations on the environment	1. Environmental Protection and Promotion Act of 1992 2. Public Health Act 1992
Requirements on task system certification, registration, and related industrial standards	1. Royal degree on power and benefits definition of the Airport Management State Enterprise of 2002 2. Public Company Limited Act of 1992 3. Securities and Exchange Act of 1992 4. Computer Crime Act of 2007
Financial rules and regulation	Budget Procedure Act of 1959 Prime minister office regulations on State Enterprise Investment of 2007 Civil and Commercial Code

4) For the international supervision of airport management standards, the Airport Management State Enterprise must operate in accordance with the requirements of the International Civil Aviation Organization (ICAO). For example, the Safety Management System (SMS) which can be shown in Table 4.23.

Table 1.23   List of Components and Operations in Accordance with ICAO Standards

Component	Safety Policy	Safety Risk Management	Safety Assurance	Safety Promotion
Description	Policy definition, organization structure, responsibilities, rules and regulations, and working procedures to achieve safety goals.	Identification of dangerous conditions that may cause accidents/ incidents and the information will be used in risk assessments and determine preventive measures	Form validation in the SMS manual Random inspection of the flying operation area Inspection during the construction and maintenance of the airport Inspection during activities in the flying area	Knowledge training for personnel Project organization for campaigning Media post to promote safety

"In addition, the Airport Management State Enterprise has to comply with the safety standards of the ICAO which extensively includes the establishment of airport security standards, training, operation inspection which will be applied to crew members, passengers, onsite operators, customers of the airport. In addition to the requirements of the ICAO, we also have to comply with the requirements of the Foreign Intelligence Agencies or the International Counterterrorism Center as well (Naris Priyanon, 2019.)" In most cases, the requirements of the ICAO are primarily safety with certain requirements that requires an airport to comply with related environmental regulations. When each airport has been evaluated, it will receive the Public Aerodrome Certification to certify the standards. "If we do not comply with ICAO standards, it will directly affect business operations such as, in 2015, Thailand was put in the red flag list by the ICAO resulting in airlines departing from Thai airports being inspected more and cannot fly through the airspace of some countries. This impacts the image of the aviation standard in Thailand. The government spent almost two and a half years to remove the red flag from the ICAO".

Table 1.24 Table Shows Rules and Regulations Issued by ICAO Related to the Airport Management State Enterprise

Topics	Related Rules and Regulations from ICAO
Laws or measurements relating to safety and the security of air transportation systems	1. ANNEX 9: Facilitation 13 14 16 18 2. ANNEX 13: Aircraft Accident and Incident Investigation 3. ANNEX 14: Aerodrome 4. ANNEX 17: Security: Safeguarding International Civil Aviation Acts of Unlawful Interference 5. ANNEX 18: The Safe Transport of Dangerous Goods by air
Rules and regulations on the environment	1. ANNEX 16: Environmental Protection

4.8.3 Fighting with Pressures from Competitors within the same Industry

The Airport Management State Enterprise currently operates a business related to the management of 6 airports in Thailand. It is imperfectly competitive in a monopoly market. The Airport Management State Enterprise is considered to be the only major player in the market that can define the price in business operations such as airport tax, operation fee within airports, setting up auction price for the commercial within the airport, etc. Resources acquisition of the Airport Management State Enterprise comes from the transfer of management rights from the Department of Airports, Ministry of Transports. In the past, the Airport Management State Enterprise was still a government agency, therefore, assets can be transferred for management. However, at present, the Airport Management State Enterprise has converted to a public company in the Stock Exchange resulting in resource acquisition in the future will be in a form of rights to manage the airport without owning the airport. However, if the resource acquisition is considered, the Airport Management State Enterprise is regarded as having advantages compared to other companies who want to enter the industry because there are airports managed by the state enterprise in the past and also 4 more airports that might be transferred

under its management in the future including airports in Udon Thani, Sakon Nakhon, Tak, and Chumpon. These are assets from the government without further investment which is different from the private sectors. If they want to enter the industry, they have to invest in everything.

Resource acquisition of the Airport Management State Enterprise	Department of Airport, Ministry of Transports	Resource acquisition of the private sector
Received the rights to manage airports from the Department of Airports	Study the feasible of airport build	Study the feasible of airport build
Improve the airports to meet the standards	Apply for permission to build a public airport from the Department of Airport	Apply for permission to build a public airport from the Department of Airport
Start the operation under the management guideline of the Airport Management State Enterprise	Build the airport	Build the airport
	Currently, there are 28 airports under supervision	Start the operation

Figure 1.7 Resource Acquisition of the Airport Management State Enterprise and the Private Sector in the Airport Management Industry Interpreted by the Researcher

For the presentation of the study on fighting with pressure from competitors within the same industry of the Airport Management State Enterprise, the researcher will describe using the competitive environment evaluation by evaluating the trend analysis and the competitive environment of the air transport industry, entering the ASEAN Economic Community (AEC), and the analysis of competitiveness by comparing with the airports in ASEAN and abroad.

4.8.3.1 Analysis of trends and competitive conditions in the air transport industry.

1) Trends of the air transport industry

Currently, the airport business is not just the basic infrastructure service to support the landing and take-off of airplanes, but one of the value chains of

various businesses in the transport industry and services of the country. It is an important factor for overall economic and social development. Therefore, airports need to improve their services to be flexible, maneuverable, and innovatively creative. The trends of operating the airport business in the future have 5 approaches (The Future of Airport, 2012) which are 1) Creating cooperation between business partners, 2) Focusing on creating a good experience for customers, 3) Increasing the proportion of revenue from non-airport businesses and develop into the concept of Airport City, 4) Aim to increase revenue by reducing costs and generating returns, 5) Bring modern technologies to support services and security. It was found that the factors affecting the trend and the need for air traveling are from 2 main driving factors, macroeconomic factor and service value factor which can be summarized in Table 4.25 (Atchara Phongrerk, personal communication, April 21, 2019).

Table 1.25 Factors Affecting the Trend and the Demand in Air Transportation

The Demand for Air Transport	
Factors on Macroeconomy	**Factors on Service Value**
1. Trade	1. Network Structure
2. GDP Level	2. Infrastructure
3. GDP per Capita	3. Business Model
4. Labor force	4. Type of Service
	5. Regulatory

The global airport industry has revenue growth of approximately 157.2 billion US dollars. The growth rate in 2013-2018 on average is 4.1% per year (Global Report Study, 2018). The revenue generation model of the airport business is changing to more non-aeronautical businesses. In addition, it is estimated that the average passenger growth rate of global air traffic is at 4.9% until 2077 (Boeing, 2015) and the average air cargo growth of 4.7%. In addition, the number of air passengers in emerging and developing countries such as China, India, the middle east region, Asia region, and Africa region, will have the highest Revenue Passenger Kilometers (RPK) growth rate in the world on the average of 5.8% per year and in developed countries such as

Japan, West European countries, and North America will have the average RPK growth rate of 3.8% (Airbus Group Company, 2015). In addition, by 2034, the number of aircraft will be increased by 2 times or an additional of 38,000 aircraft worldwide with the Asia-Pacific region being the most in-demand. The market share of low-cost airlines will account for 25% of the growth. This results in the congestion of air traffic in the future which causes airports around the world to be prepared for capacity development.

2) Airport management pattern in the future

A comparison of airport management competition will be done between the old management style and the new management style. For the competition, the focus and the pattern of business can be summarized as in Table 4.26.

Table 1.26 Management Patterns of Old and New Airports

Old Management	New Management
Competition with size	Competition with the entry and exit management of passenger and services
	Expand supplementary businesses and business chain related to the airport
	Bring innovation and technology in the administration and security
Emphasize on passenger travel	Emphasize on value chain of the air transport business
Stand-alone business	Develop into Airport City Complex
	Build networks with airports in other regions

4.8.3.2 Entering the ASEAN Economic Community (AEC)

1) AEC and the aviation and air transportation industry

The ASEAN Economic Community is regarded as economic integration of all 10 member countries in terms of both trade and investment including business structure changes especially the liberation of logistics. This is a good opportunity for Thailand to access a larger market for businesses and services.

"The more Freedom of the air under the concept of Open Skies Regime and the establishment of the ASEAN Society of Addiction Medicine will enable the growth rapidly. As a result, airlines within ASEAN member countries and airlines of the countries that have a contract with the member countries will receive the right for goods transportation. There will be new flight routes opened as well as an increase in capacity and frequency of flights. The ASEAN aviation market policy will lead to bilateral cooperation and the average middle income of Chinese and Indian will increase. This results in more travel to ASEAN with low-cost airlines that are continuously expanding" (Sirichai Phithadirak, personal communication, April 28, 2019). The expansion of the aviation industry has also affected the airport management industry in a more positive direction. The players of the market of this industry have to adapt to meet the coming opportunities and obstacles. At the same time, planning must be made to deal with the opportunities and obstacles that will accompany the fierce competition which can be summarized in Table 4.27.

Table 1.27 Opportunities and Obstacles Associated with the Growth of ASEAN Integration

Opportunities	Obstacles
1. More flight routes opened	1. The competition in the airport business is more intense
2. Create more revenue for businesses related to the aviation business Create more revenue from non-aviation businesses	2. Facilities and basic infrastructure is different in each region
3. Building business alliances at ASEAN level	3. Lack of quality personnel development to meet the needs of the market
4. Develop Thailand into the center of aviation transport	4. Airport management to meet with demands requires a high budget
5. Increase the economic capacity of the country	5. More rules and regulations

2) Overview of airport competition in ASEAN

ASEAN member countries focus on the development of basic air transportation infrastructure which each country has plans to expand its capability and build new airports such as Myanmar has expanded its airport by building 2 more airports, Yangon Airport and Nay Pyi Taw Airport including the original airports which have no expansion plans, Mandalay Airport and a newly opened, Hanthawaddy Airport. While Singapore has plans to expand Changi Airport in order to be able to handle 85 million passengers per year and a plan to develop the surrounding area to be an Airport City. For Malaysia, it plans to build 4 more Satellite buildings in the Kuala Lumpur Airport. Each building will be able to handle 25 million passengers more and has a link with the main passenger terminal through the electric train. It has set its vision and strategic model for becoming "The world leader in building the airport city".

4.8.4 Analysis of Competitive Capacity with International Airports

From a report of the Basic Infrastructure Quality of the World Economic Forum, it is found that the quality of the basic infrastructure of Thailand is ranked at 61 which is lower than Singapore and Malaysia which are in the 5th and 25th respectively. For the quality of basic infrastructure such as roads, railways, ports, airports, they have ranked lower than Singapore and Malaysia altogether. The quality of airport basic infrastructure is ranked at 34 which is lower than Singapore and Malaysia which are ranked at 1 and 21 respectively.

From the growth of the aviation industry and integration into the ASEAN community resulting in the airport management to be able to compete at regional and international level is considered important. For the analysis of the competitive capacity of the airport industry, the researcher analyzes by comparing it with foreign airports in terms of performance, vision and strategic goals planning or capabilities, etc. This can be summarized as follow.

4.8.4.1 Visions and Goals

Table 1.28   Visions and Goals of Airports

Airport Name (Country)	Visions and Goals
The Airport Management State Enterprise (Thailand)	Focuses on capacity development of the responsible airports to support the continuously increasing of air traffic and uses the modern technology to support the services, convenience, and aware of safety under the vision "the Airport Management State Enterprise Operates The World's Smartest Airport"
Airport Authority (Hong Kong)	Focuses on making the Chek Lap Kok airport to be the hub of aviation in the international and regional level under the vision "To be World Class Corporation and a Leader in the Airport Management and Aviation Relate Business, Contributing to Prosperity of Hong Kong"
Changi Airport Group (Singapore)	Supporting Singapore as a hub for aviation and improving services for people around the world under the vision of "Exceptional People, Connecting Lives"
Kuala Lumper Airport (Malaysia)	Intends to develop Kuala Lumpur Airport to be a world-class gateway that is cost-effective for business and network management and meet the need of customers, stakeholders beyond expectation under the vision of "To be the Global Leader in Creating Airport Cities"
Incheon Airport (South Korea)	Focuses on the development of convenient air transportation and building the country's economy through the effective operation of Incheon Airport under the vision of "Envisioning a New Future as the World's Leading Airport"

4.8.4.2 Passenger Accommodation Capability

According to the information from the Center for Asia Pacific Aviation (CAPA) and the Airport Council International (ACI), it is found that airports in Asia-

Pacific have the highest number of passengers and passenger growth rate of 8.7% in 2013 (Airport Council International, 2014) which is an important indicator of the region in terms of economy, services, trade, and tourism. As a result, the aviation industry in the Asia region will be an important factor in economic drive within the next 5-10 years (ICAO, 2014). "However, despite the continued growth in the Asia-Pacific region, an important problem that players in the airport management industry have to be aware of is the accommodation capacity of the airports. Currently, Suvarnabhumi Airport has an annual capacity of 113%, while Changi and Chek Lap Kok have 81% and 91% capacity utilization respectively". (Atchara Phongrerk, personal communication, April 21, 2019).

4.8.4.3 Service Quality

For the ranking of service quality of airports, 267 leading airports around the world have participated in the Airport Service Quality Program (ASQ) by evaluating from passengers who use the airport services for the overall score on basic infrastructure system, air traffic per size, the environment within the airport, etc. Incheon Airport, Changi Airport, and Beijing Airport are ranked at 1, 2, and 3 respectively with Suvarnabhumi Airport ranked at the 38th in the world with a score of 4.48. Chiang Mai airport has a passenger density of around 10-15 million passengers per year scored 4.31, ranked in the 64th.

4.8.4.4 Revenue Proportion from Aeronautical Business

The aeronautical revenue is sensitive to changes in behavior, travel pattern and air transportation. If there is an event affecting tourism, the revenue from the aviation business of airports will also be affected. The airport management pattern today focuses more on the revenue from the non-aeronautical business to help reduce the risk. When comparing the revenue of the none-aeronautical in 3 ASEAN airports including Malaysia, Singapore, and Thailand, it is found that the proportion is 69%, 30%, and 40% respectively.

4.8.4.5 Financial performance

The researcher studies to compare financial performance by comparing 4 foreign airports by comparing the dimensions of Return on Asset (ROA), Return on Equity (ROE), Revenue per Employee, and Revenue per Passenger which can be summarized in the following bullet points

1) Return on Asset (ROA)

Table 1.29 Airport Operators ROA

Airport Operators	Percentage
Changi Airport Group (Singapore)	14.30 %
Incheon International Airport (South Korea)	7.53 %
Airport Authority (Hong Kong)	12.52 %
Malaysia Airport Holdings Berhad (Malaysia)	3.60 %
Airport of Thailand (Thailand)	7.97 %

The ability to generate profit from all assets used by the business in the operation, it is found that the Airport Management State Enterprise from Thailand is not efficient compared to other airport management organizations such as Changi Airport Group which can use all assets to generate the revenue at 14.30% seconds by Airport Authority (Hong Kong) at a rate of 12.52% while the Airport Management State Enterprise can generate profit at a rate of 7.97%

2) Return on Equity (ROE)

Table 1.30 Airport Operators ROE

Airport Operators	Percentage
Changi Airport Group (Singapore)	16.50 %
Incheon International Airport (South Korea)	10.30 %
Airport Authority (Hong Kong)	15.60 %
Malaysia Airport Holdings Berhad (Malaysia)	12.37 %
Airport of Thailand (Thailand)	12.96 %

For the ability to generate returns for shareholders, it is found that the Airport Management State Enterprise from Thailand can generate returns less than other airport management organizations such as Changi Airport Group which can generate a return to the shareholders at a rate of 16.50% seconds by Airport Authority

(Hong Kong) at a rate of 15.60% while the Airport Management State Enterprise can generate the return at a rate of 12.96%

3) Revenue per Employee

Table 1.31 Airport Operators Revenue per Employee

Airport Operators	Amount (USD)
Changi Airport Group (Singapore)	1,000,000
Incheon International Airport (South Korea)	1,400,000
Airport Authority (Hong Kong)	1,390,000
Malaysia Airport Holdings Berhad (Malaysia)	75,751
Airport of Thailand (Thailand)	196,696

The efficiency of the employees in generating revenue for the organization is important because human resources are a key driving factor in the organization. By comparing the leading airport management organizations, it can be seen that 1 employee of Incheon International Airport can generate revenue for the organization as high as 1.4 million US dollars, Airport Authority (Hong Kong) can generate revenue of 1.3 million US dollars while the Airport Management State Enterprise can generate revenue of 196,696 US dollars for the organization.

4) Revenue per Passenger

Table 1.32 Airport Operators Revenue per Employee

Airport Operators	Amount (USD)
Changi Airport Group (Singapore)	28.00
Incheon International Airport (South Korea)	34.42
Airport Authority (Hong Kong)	31.48
Malaysia Airport Holdings Berhad (Malaysia)	9.38
Airport of Thailand (Thailand)	16.98

By comparing the leading airport management organizations, Incheon International Airport can generate revenue from 1 passenger in the amount of 34.43 USD, Airport Authority (Hong Kong) can generate revenue from 1 passenger in the amount of 34.48 USD while the Airport Management State Enterprise can generate revenue from 1 passenger in the amount of 16.98 USD.

4.8.5 Fighting with the Institutional Pressure

For the presentation of the result of a study in fighting against institutional pressure of the Airport Management State Enterprise, it will be described using the concept of the institutional theory in which the environment is institutionalized (Institutionalized environment). It talks about the environment related to rules and regulations and the needs of each organization to comply with in order to be supported and legitimized (Scott, 1987). According to the institutional theory, fighting with the institutionalized environment can be done with the "institutional isomorphism" which is a non-choice behavior. Organizations have to comply without the need to refer to any reason or performance. The pressures from the environment according to this concept have paid attention to the impact of government, society, cultural pressure which causes the organization to have defensive behavior (Oliver, 1991). The pressure that causes the organization to behave coercive isomorphism under the institutional environment (DiMaggio & Water, 1983) which is caused by the political power of the regulatory authority that can influence the Airport Management State Enterprise such as operating under the basic transportation infrastructure development strategy of Thailand which has the goal of developing the basic transportation infrastructure in a period of 8 years (2015-2022). "The Airport Management State Enterprise has to operate according to strategy 3.4 which involves air transport in accelerating main airports, which are the door of transportation to the country, to the international standards, promote greater utilization of regional airports. It includes promoting the aviation industrial estate development of the country". In addition, the Airport Management State Enterprise has to operate according to strategic plans of the government which require supervised organizations to respond to the national development plan such as the implementation of the administration policy of the Minister of Transports in accelerating the renovation of the passenger terminal, Don Mueang Airport, increasing public services within the

airport, prepare to accommodate passengers from ASEAN, implementation of the ICAO standards or the International Civil Aviation Organization which are considered pressures that the Airport Management State Enterprise has to be imitated by normative isomorphism (DiMaggio & Powell, 1983) from a professional approach which is gathering and determining conditions and methods of work. By complying with the requirement models, it is considered legitimate to operate within the industry. Examples of standards the Airport Management State Enterprise has to follow including security readiness according to the standards of ICAO such as USAP, USAOAP system, creating transparency in fee collection, facilities administration, efficiency in aircraft stand management, procuring sufficient office space and check-in service area, determination of appropriate airport fee rates, etc. This process is done by creating standards from applying the best practice models in each dimension of quality certification or creating an operational model suitable for the operational environment of the Airport Management State Enterprise. The creation of legitimacy is considered the driving force for imitation (Mimetic Isomorphism) to increase operational certainty (DiMaggio & Powell, 1983).

4.9 Study Results of the Internal Organization of the Airport Management State Enterprise

The presentation of the study results on the internal management of the Airport Management State Enterprise will be explained in the dimension of organizational complexity and organizational culture to be used as information on the organizational environment that leads to different compensation determination. The information used for the analysis comes from a study of documents such as meeting reports, annual reports, publications, and in-depth interviews with related parties.

4.9.1 Organizational Complexity

For the study of the complexity of the Airport Management State Enterprise, the researcher use a concept from Tippawan Lorsuwanarat (2015) which proposed dimensions for considering organizational complexity factors including 1) Organizational Environment which was described above, 2) technologies used in the industry,

3) organization structure, and 4) power. The researcher will propose the power aspect in the next section.

4.9.1.1 Technologies used in the industry, to explain technologies used in the airport management industry of the Airport Management State Enterprise, the researcher will explain from the core competencies of the Airport Management State Enterprise which consists of core competencies on expertise in the airport industry, core competencies in partner network management, core competencies in airport safety standards, and innovations used in airports.

4.9.1.2 Core competencies on expertise in the airport industry, "the Airport Management State Enterprise is regarded as the largest market player in Thailand with skilled, expertise and experienced personnel in the airport management. There are 1,052 courses for personnel development to improve their knowledge and skill according to ICAO and FAA standards. These courses include Airport Management Training, General Management Training, Functional & Operations Training, and Soft Skill Training. Each course is designed to match with the field and age range. The budget for personnel development is approximately 34,848.15 baht per person. From the past year, the average hour of personnel is 41.05 hours from a set goal of only 35 hours" (Atchara Pongrerk, personal communication, May 21, 2019). In addition, all 6 airports are geographically suitable to support air travel at both the southeast Asian region and other destinations around the world as well as connection important tourists and business destinations regionally and domestically which has a higher demand growth rate for air travel. In addition, the airport business in Thailand is a difficult business for a new operator to enter due to it requires a lot of investment in airport construction and maintenance of runway, passenger terminal expansion, and building of an airport requires a length of time and a lot of steps in the process.

4.9.1.3 Core competencies in partner network management, the Airpot Management State Enterprise creates competitive advantages by creating cooperations in administration and airport operation and exchanging cooperation and knowledge with other organizations domestically and internationally. "Foreign airport management organizations and the Airport Management State Enterprise have made cooperation agreements between 14 airports (Sister Airport Agreement) around the world such as Austin-Bergstrom Airport, Munich Airport, Beijing Airport, Kansai Airport, Osaka

Airport. These cooperations will lead to the development of related businesses a the international level including joint venture opportunities and aviation management service engagement at regional and global levels". The creation of an international organization network will bring 3 related dimensions of social capital, 1) The dimension of the structure relates to creating connections with others within the industry for information exchange. This helps reduce the time and investment in information technology., 2) The dimension of social capital by supporting trust development, common practice, common obligation, and the ability to bond a weak tie within the network., 3) The dimension of thought to provide advice and support intellectual capital development between personnel related to aviation in the exchange of information and knowledge (Nahapiet & Sumantra, 1998).

4.9.1.4 Core competencies in airport safety, the management of airport security standards of the Airport Management State Enterprise is set in accordance with the ICAO on security including civil aviation rules and regulations such as the Aviation Act and civil aviation regulation which consists of

Table 1.33 Core Competencies in Airport Safety under the Management of the Airport Management State Enterprise

Security Measures	Detail
Airport Security Program (ASP)	Create a plan in accordance with the "National Civil Aviation Security Program" which is done by the Department of Civil Aviation
Preventive Security Measures	1. Measures relating to access control
	2. Measures relating to aircraft
	3. Measures relating to passenger and their cabin baggage
	4. Measures relating to baggage holding
	5. Measures relating to landside
	6. Measures relating to cargo/mail and other goods

Table 4.33 (Continued)

Security Measures	Detail
Aviation Security Quality Control	Creating a quality plan for aviation security by providing the whole system inspection and survey in a specific check and test. The collected data will be analyzed for improvement
Providing security measures on information and intelligence	Allow exchanging of information and coordination with the US Transportation Security Administration and the Australian Office of Transport Security for the exchange of information and security practice.
Providing emergency security standards	1. Emergency Plan 2. Contingency Plan 3. Full-Scale Exercise – Part Scale Exercise 4. Table Scale Exercise

4.9.1.5 Innovations used in airports, innovations used in airports managed by the Airport Management State Enterprise will bring speed and efficiency to the airport management such as the "Airport Information Management System" which connects approximately 45 systems together such as the airport revenue management system, the airport information management system, airport information control center, building control center. All systems will operate in real-time and in the future, the information will be developed into a digital platform under the concept of 4.0. Technology will be bought to elevate the service level within airports by connecting the data to 16 airports in 9 countries under the Sister Airport agreement, for example, passengers will be informed instantly what belt their bags are at, where the closest toilet is, taxis at the destination can be booked or book for a parking lot at an airport in advance" (Nitinai Sirisamakarn, personal communication, July 12, 2018).

4.9.2 Organization Size

For the size measurement of the Airport Management State Enterprise, the researcher measures it by considering the business value, brand value, and value in the industry.

Currently, the Airport Management State Enterprise has the value ranked at no.2 of the Stock Exchange of Thailand with an approximate value of 900,000 million baht (SET Index of Thailand, dated as of April 24, 2019) with the brand value of approximately 400,000 million baht. This organization has the highest brand value in Thailand and is the highest value company related to airport management in the world. Currently, Suvarnabhumi Airport has the highest number of passengers under the management of the Airport Management State Enterprise which is ranked 21st of the world in terms of passenger and 11th of Asia, and 3rd of ASEAN. At present, the Airport Management State Enterprise has 6,810 personnel.

Table 1.34 Ranks of the most Used Airports in the World

Rank	Airport Name	Location	Passenger (2017)/ Million	Change From 2016 (%)
1.	Hartsfield-Jackson Atlanta	United States	103.90	-0.3
2.	Beijing Capital	China	95.78	1.5
3.	Dubai International	U.A.E.	88.24	5.5
4.	Tokyo International (Haneda)	Japan	88.40	6.5
8.	Hong Kong International	Hong Kong	72.66	3.4
9.	Pudong International	China	70.00	6.1
17.	Soekarno-Hatta International	Indonesia	63.01	8.3
18.	Singapore Changi	Singapore	62.22	6
21.	Suvarnabhumi International	Thailand	60.80	8.9

Source: Airport Council International (2014)

4.10 Personnel Management Guidelines for the Executive Personnel Group of the Airport Management State Enterprise

For the presentation of the management of the executive personnel group of the Airport Management State Enterprise, the researcher analyzed data from documents such as meeting reports, annual reports, and in-depth interviews of related parties. The analysis will be done in the dimensions of the preparation of personnel within the organization and the selection of personnel outside the organization.

4.10.1 Preparation of Personnel to be an Executive

Preparation for personnel development for executive of the Airport Management State Enterprise is divided into 2 types, personal advancement in the normal track, for this normal track advancement, personnel's training path will be defined from the start of working in the Airport Management State Enterprise. The personnel development courses will be divided according to the personnel level and work experience. Currently, there are 1,052 personnel development curriculum projects. The normal track of personnel development is divided into 3 parts consist of main courses which all personnel have to attend, functional courses which are divided according to different fields of personnel, and educational scholarship in both short and long-term courses domestically and internationally.

Table 1.35   Personnel Training Pathway of the Airport Management State Enterprise

The Airport Management State Enterprise's Training Roadmap				
Experience (Year)	Level	Main Courses	Functional Courses	Scholarship
10 UP	Top Management (L. 10-11)	= CSR = Business Ethics = English Proficiency	= DAP/DCP = Executive Courses from	= AMPAP = Management Program USA:
	Vice President (L. 9)	=Leadership Program (Top Management) = Public Aerodrome Manager	Outside	Wharton, Kellogg, Harvard EU: INSEAD

Table 4.35 (Continued)

The Airport Management State Enterprise's Training Roadmap				
Experience (Year)	**Level**	**Main Courses**	**Functional Courses**	**Scholarship**
7-10	Director (L. 7-8)	= CSR = Business Ethics = English Proficiency = AMMP = High Potential Program: AMDP/IST/AODP = Leadership Program (Middle) = Mini MBA: Airport Management = Senior Airport Management	= Functional Courses for Middle Executive from Outside	= Professional Certificate Courses: ACI/IATA/SAA/ Sister Airport
5-7	Supervisor (L. 5-6)	= CSR = Business Ethics = English Proficiency = Intermediate Airport Management = Junior Airport Management	= Courses for Specific Purpose	= Operational & Regulatory Courses ACI/IATA/SAA/ Sister Airport = Master Degree
1-5	New Entry/Staff	= English Proficiency = CSR = Business Ethics = Safety & Security = Airport Operations = Airport Business = Core Value = Orientation	= Courses for Specific Purpose	= Operational & Regulatory Courses ACI/IATA/SAA/ Sister Airport = Master Degree

For the preparation of a special personnel group of the Airport Management State Enterprise before becoming executive, there will be fast tracks for this group of personnel. The special personnel group management starts with a search to identify personnel both from inside and outside the organization. For the internal personnel, the criteria including profile, competencies, and performance will be used. The criteria will be proposed to the meeting of the heads from various departments. For personnel from outside, they will be considered from attitude and potential that can be developed and benefit to the organization. After the special personnel group is identified, they will be divided into potential pools according to the level of personnel which are personnel level 4-6 and personnel level 7 onward. They will be put through the development process of training, development through experience, and scholarship before entering the fast track for advancement. "For potential personnel development, not everyone can go through the fast track. If personnel has been through the development process but unable to enter the fast track, they will be returned to the normal track for advancement. The development process usually takes 3 years" (Orawan Khunasirikul, personal communication, April 23, 2019).
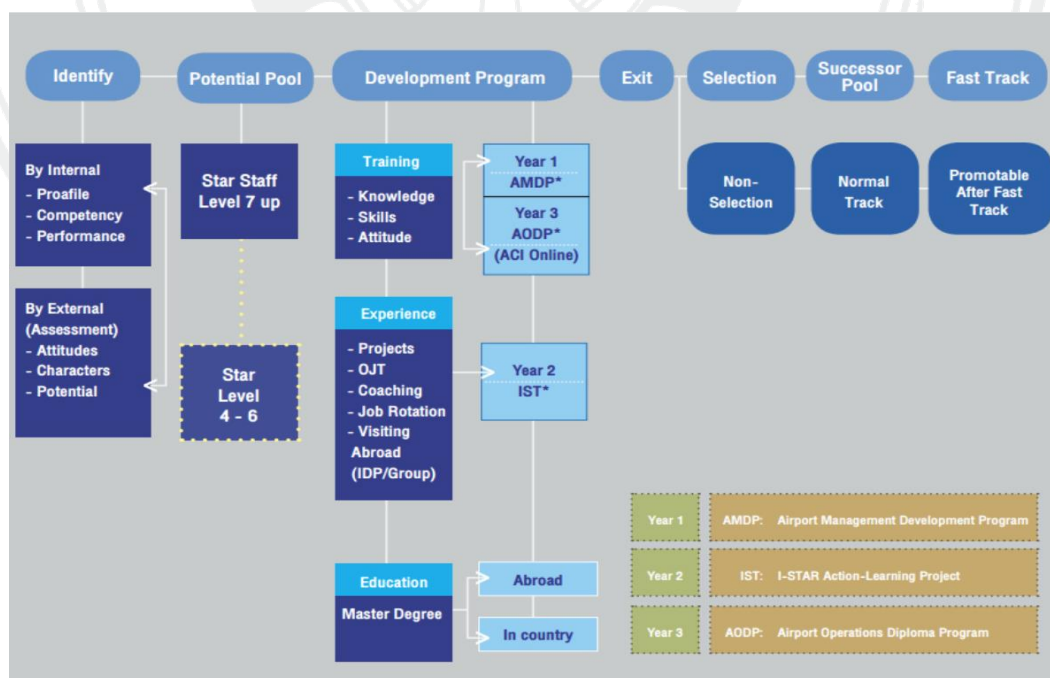
Figure 1.8 Airport management State Enterprise Potential Management Program

4.10.2 Methods and Criteria for Recruiting the Executive Personnel Group

The recruitment of the executive personnel group of the Airport Management State Enterprise is regarded as an important process due to the personnel in the executive group will determine the strategy and direction of the organization. The method and criteria for the recruitment of personnel in the executive group are determined by 3 recruitment committees which will determine the recruitment methods and criteria and the selection of appropriate candidates. The candidates will then be proposed to the recruitment committee. Important components and criteria for the selection of personnel in the executive group consist of.

1) Legal qualification, candidates for the position must not have prohibited qualifications for an executive director of a state enterprise and public company registered in the Stock Exchange of Thailand. That is, there is no conflict of interest with shareholders and the management structure. The royal decree on the standard qualification of board and employee of state enterprise (Issue 4) of 2000, section 8 which addresses the process of top executive recruitment of a new state enterprise.

2) Directory pool of the Ministry of Finance. Selected candidates will be registered in the database of directors. Then, they will be regarded with appropriate qualification and qualified in terms of knowledge and skill approved by the Ministry of Finance

3) Qualifications of being independent, The selected candidates must have the qualification of being independent according to an announcement of the Stock Supervision Committee and the Stock Exchange of Thailand and according to the specification of the Airport Management State Enterprise which are, they must not have conflicts of interest with the Airport Management State Enterprise and other committee members including they must take care of the interests of each stakeholder equally according to the scope of responsibility.

4) They must not be a member of more than 3 state enterprises

5) The must not hold a position in a political party or be an official of political parties.

6) Education and experiences, there are 13 divided dimensions on education and experience related to the operation of the Airport Management State Enterprise with different weight values for the selection which is called "Board Skill Matrix and

Diversity". The dimensions that the Airport Management State Enterprise emphasizes in the determination and selection including airport management/airport development/ airport and aviation standards, aviation laws and regulation, accounting, and security system management.

Table 1.36 Number of Qualified of Board and Director

	Directors Pool of the Ministry of Finance and IOD	**Independent Qualification**	**Female Board**
Number of qualified board	n/a	n/a	n/a

Note: Report on the Element of the Board of the Airport Management State Enterprise

Table 1.37 Qualification and Experience for the Determination of Board and Director

Education and Experience	**Number of Board Qualification**
Airport Management/ Developing Management/ Airport Standard Managing	n/a
Accounting	n/a
Financial	n/a
Law	n/a
Information Technology	n/a
Aeronautical Law	n/a
Business Management/ Business Management in SET	n/a
International Aviation Business	n/a
Economic	n/a
Engineering/ Aviation Engineering/ Civil Engineering/ Computer Engineering	n/a
ACI/IATA/SAA/AMPMP (Safety Standard)	n/a
Political Science	n/a
Civil Society/ Social Enterprise/ Natural Resource/ Environment Developing for Sustainable	n/a

7) Skill mix, the recruitment committee will determine the skill mix target of the executive and director position for the recruitment. The target skills of the executive are divided into 2 parts which are core skills and specific skills summarized as follows.

Core Skill

- Risk and Crisis Management

- Airport Operation

- Stakeholder & Network Management

- Organizational Management & Corporate Governance

- Business Strategy

- Innovation

Specific Skill

- Industry Knowledge

- Airport Operational & Regulatory

- Airport Safety & Security Standard

- International Avaition Market

- Financial Management (Aeronautical & Non Aeronaytical)

Figure 1.9   Skill Mix and Specific Skill for the Selection of the Executive of the Airport Management State Enterprise

Source: The Stock Exchange of Thailand,(2017)

Note: Report of the details on board of the Airport Management State Enterprise to the Stock Exchange of Thailand, 2017 (December 17, 2017)

4.11 Compensation Management for Personnel in the Executive Group of the Airport Management State Enterprise

The compensation management for the executive group of the Airport Management State Enterprise is considered by a committee through the compensation determination committee which is the one who negotiates with those who will be in the position of the executive, board, and ad-hoc board. The compensation determination committee is responsible for determining criteria or method of compensation determination including the restructuring of the organization, job fees, and job level which will be adapted as criteria in compensation determination. The compensation determination of the compensation determination committee will only consider the deputy director position onward. The basic steps are as follows.

Name list sent	After qualified candidates are recruited, they will be proposed to the committee for compensation determination	Criteria for compensation determination	- Determine from knowledge, skill, experience, task under the responsibility - Determine from indications and goals need to achieve - success level according to indicators	Presents the consideration result	Present the determined compensation including the draft of the contract and proposes them to the board of the Airport Management State Enterprise	Proproses to the Ministry of Finance for approval	Approved with the contract draft

Figure 1.10 The Process of Considering the Compensation of Personnel in the Executive Level of the Airport Management State Enterprise

4.11.1 Consideration for Compensation Determination of Personnel in the Executive Group and the Board

Criteria for compensation determination of personnel in the executive group and the board, apart from the qualification of experience, core skill or specific skill, and skill matrix set by the Airport Management State Enterprise, they will be compared with companies registered in the Stock Exchange in the same industry with the comparable company size to be used as compensation determination for personnel in the executive group (Orawan Kunasirikul, personal communication, April 23, 2019). The compensation rate between the president and the top executive personnel is at 1:2.

Table 1.38 Base Compensation Range of Personnel in the Executive Group of the Airport Management State Enterprise

Position	Base Compensation Range (Baht)
President	200,000 – 300,000
Personnel in executive positions and vice president	100,000 – 200,000
Chairman of the board	40,000 – 45,000
Company's board	30,000 – 35,000
Board of joint ventures and sub-companies	40,000 – 70,000
Audition committee	20,000 - 25000
Subcommittee	No base compensation

The next factor is monetary compensation based on performance. It is found that the board of the company will receive monetary compensation as a meeting fee from being the company board, audit committee, and sub-committees. The compensation payment from a meeting fee will be paid not more than 1 meeting per 1 committee. The chairman and the deputy chairman will receive an additional 25% and 12.5% respectively which can be summarized as follow.

Table 1.39 Compensation from Meeting Attendance of the Board of the Airport Management State Enterprise

Position	Compensation from Meeting Attendance (Baht)
Board	10,000
Audit committee	5,000
Committee appointed by the board	15,000
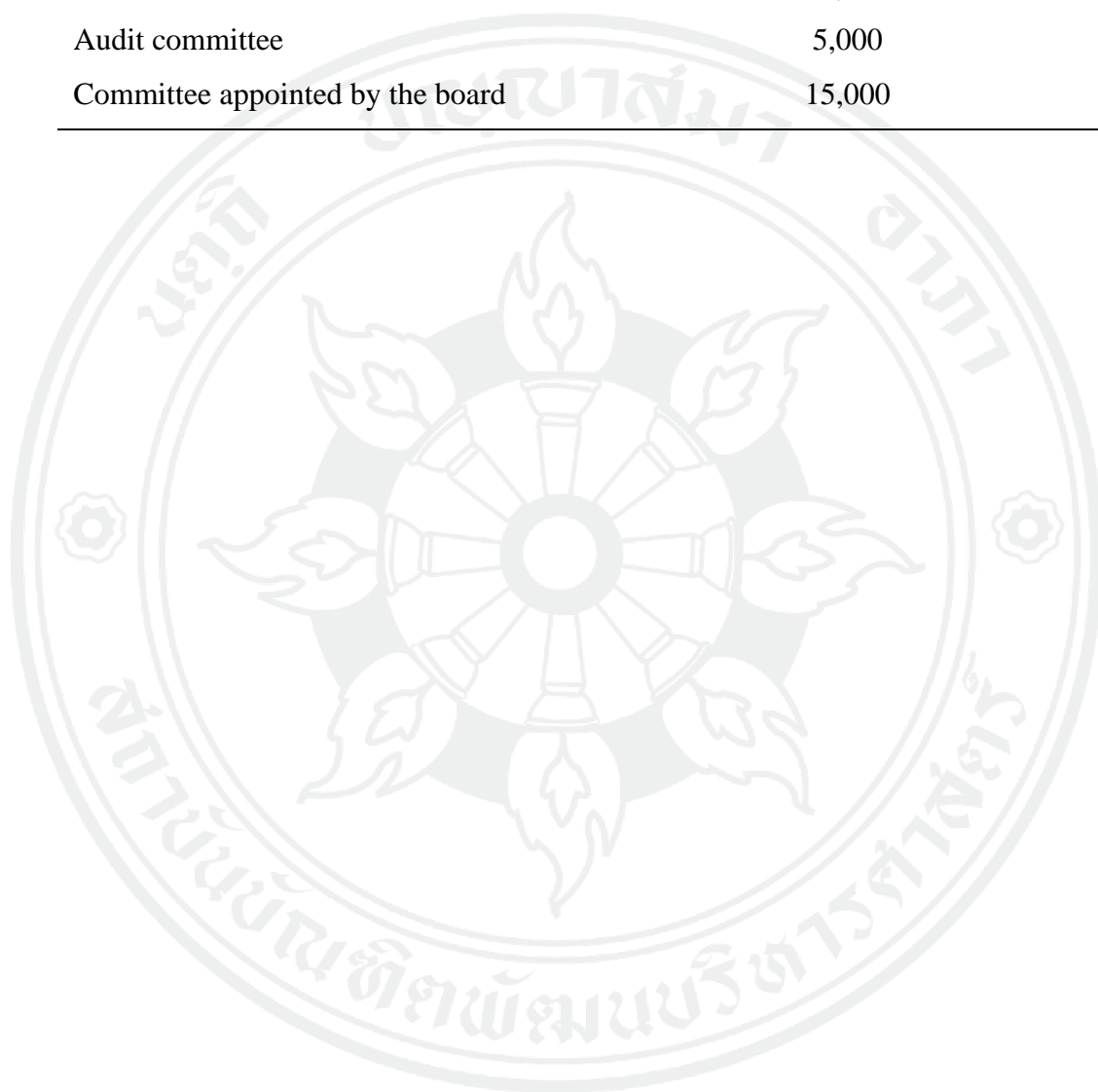
Table 1.40 Monetary Base Compensation and Compensation from Meeting Fee of the Board of the Airport Management State Enterprise

List	Company's Board		Audit Committee		Meeting Fee			Subcommittee	Total (Baht)
	Meeting Fee	Monthly Compensation	Meeting Fee	Monthly Compensation	Recruitment Committee	Risk Management Committee	Good Governance Committee		
A	325,000	493,659	-	-	-	-	-	-	818,659
B	267,500	514,389	-	-	30,000	-	45,000	168,750	1,091,639
C	260,000	400,806	55,000	241,333	18,750	-	-	346,875	1,322,764
D	260,000	400,806	-	-	-	-	-	-	660,806

Source: AOT (2017)

For the monetary compensation as bonuses for the board, it will be determined from the paid dividends which reflect the profitability of the business operation. The profit will be distributed among shareholders. "Bonus payment for the board will be determined by not more than 0.50% of the paid dividend and paid according to the duration in the position and not more than 1,500,000 baht per person. President and vice president receive more than the board at 25% and 12.5% accordingly" (Suthirat Thanachotikul, personal communication, April 23, 2019). In 2017, the board received compensation a bonus at the highest rate which is not more than 1,500,000 baht per person.

For the monetary compensation for bonuses to personnel in the executive group of the Airport Management State Enterprise, organizational indicators set for the executives each year under 3 strategic objectives will be used including (1) Development of basic infrastructure and facilities to maintain the service quality, (2) Increase efficiency in management and operations to meet safety standard and airport security, (3) Generate financial performance by generating income from aeronautic and non-aeronautic businesses. The monetary compensation determination as bonuses gives the most weight to the consideration of financial goals. The 3 strategic objectives will be expressed into 7 strategic operational plans consisting of

Figure 1.11 Strategic operational plans of the Airport Management State Enterprise

From the strategic operational plans of the Airport Management State Enterprise, they will be expressed as indicators at the organization level, department level, and personal level. They will lead to the assessment of a bonus payment for personnel. Personnel in the executive positions must make sure the performance at the organization level achieves the goals for each year. For bonus compensation payment, it will be paid to personnel at the same multiply rate of salary throughout the organization. "We use the state enterprise assessment of SEPA as part of the organization's strategies and indicators. Each airport must prepare the operational plan under these strategies. Some airports might prepare 2 plans to implement two strategies. But many strategies will be applied to Suvarnabhumi and Don Muaeng (Suthirat Thanachotikul, personal communication, April 23, 2019).

Table 1.41 Organizational Indicators of the Airport Management State Enterprise

Strategy	Example of Organizational Indicators
Airport Strategic Positioning	Create concrete development guidelines for all 6 airports
Airport Service Capacity	Develop short-term congestion correction plan for congested airports
	Carry out the passenger accommodation development plan of 2018-2024
	Increase in service assessment scores (ASQ)
Regional Hub	Campaigning for Phuket Airport to become the gateway to Andaman
	Increase of inbound passengers
Intelligent Service	Develop an electronic system to support personnel operations under the idea "Anytime Anywhere"
Intelligent Service	Increase in service assessment scores (ASQ)
Aeronautical Business	Aeronautic revenue growth increased by 12%
Non-Aeronautical Business	Non-aeronautic revenue growth increased by 12%
Business Development	Non-aeronautic revenue growth increased by 12%
	International business revenue growth increased

Assessment from organizational indicators will be used to consider bonus compensation each year. Personnel of the Airport Management State Enterprise from the executive level will receive the same bonus rate. "The bonus payment consideration for executives and personnel will be considered from the performance and the organizational indicators in each year. In 2018, we pay 7.75 times of bonus for every person from the growth of revenue and the highest record of profit. From the performance of last year, we are able to pay bonuses as high as 11 times and at the lowest of 3.5 times which is the highest bonus rate because we have to reserve part of the revenue for the expansion of the 6 airports and prevent scandal" (Suthirat Thanachotikul, personal communication, April 23, 2019). The bonus rate for personnel in the past 7 years can be summarized as follows.

Table 1.42 Bonus Payment Rate in the Past 7 Years of the Airport Management State Enterprise

Year	2018	2017	2016	2015	2014	2013	2012
Amount (Times of Salary)	7.75	7.5	7.5	7.5	6.5	10	11

The form of the incentive payment system according to the rules of state enterprises has different payment systems according to the classification of the state enterprise. For the Airport Management State Enterprise, it is classified into Group 1 meaning state enterprise registered and distribute stock in the Stock Exchange of Thailand. It can define variable value according to the assessment system and the incentive payment of employees and workers using standards or average criterion of the industrial norm (Announced criteria for improving monetary incentive payment system under the assessment system of state enterprises, 2013). In 2017, there is a compensation payment in the form of incentive compensation for personnel at the executive level in a total of 35,974,921 baht.

4.12 The Airport Management State Enterprise and the Use of Political Factors for Competitive Advantages

Currently, the Airport Management State Enterprise is considered as a state enterprise registered on the Stock Exchange of Thailand. It is regarded as semi-government-semi-private with 2 roles. For the first role as a state enterprise with the Ministry of Finance as a major shareholder with the highest share of as high as 70%. The 2nd role is the role of a private company in the Stock Exchange of Thailand and a state enterprise in Group A. This results in the alleviation of many rules and regulations of state enterprise requirements especially the ability to determine its own compensation structure and bonus payment rate. The advantages of being a government's organization are, for example, 1) Benefit from being a state enterprise that can borrow money from various sources with the Ministry of Finance as the guarantor. When a dispute occurs and is prosecuted in a court, an attorney general will prepare the defense. When there is a legal issue, the Office of the Council of State will be a consultant. 2) Being a semi-government company, this results in being able to transfer airports, which are considered properties of the government, from the Department of Airport even though it is not allowed to transfer the government's properties to the private sector according to the laws. This creates advantages for the private sector to enter the business which requires a huge investment. In the future, it is likely that the other 4 airports will be transferred from the Department of Airport to the Airport Management State Enterprise including Udon Thani, Sakon Nakhon, Tak, and Chumphon Airports.

For the entity with state power to supervise the business related to airport management at the moment is the Civil Aviation Authority of Thailand, Ministry of Transports which is responsible for the implementation of the aviation laws, develop basic infrastructure for civil aviation of the country, develop the network of the air transportation system, aviation industry, and civil aviation, set standards, supervise, monitor, and examine the operation of civil aviation, and the Ministry of Finance as a major shareholder.

4.12.1 Allowing High-Ranked Government Officials to be a Board Member of the State Enterprise

After the coup in 2014, one of the urgent agenda is the reform of state enterprises by creating the State Enterprise Policy Committee (SEPC) with the prime minister as the chairman of the committee which can change the method of operation of state enterprise including appointing a board member by itself (NCPO order of 75/2557). However, "Appointing personnel from the military to hold a position in the board of state enterprises can be divided into 2 cases as follows, 1) In the case of some missions that the military might have experience or expertise in operating a business of a state enterprise or there is a special policy from the government in which requires a decisive decision, and 2) If the mission of a state enterprise does not match the expertise, unity in management may be considered because the state enterprise has to comply with the policy of the government (Sakda Saengsi, personal communication, January 17, 2019).

Table 1.43 List of State Enterprises with the Board Chairman from the Military Personnel before and after 2014

List of State Enterprises with the Chairman of the Board is Personnel from the Military	
Before 2014	**After 2014**
1. Civil Aviation Training Center	1. Civil Aviation Training Center
2. Expressway Authority of Thailand	2. Port Authority of Thailand
3. Bangkok Dock Company Limited	3. Mass Rapid Transit Authority of Thailand
	4. Industrial Estate Authority of Thailand
	5. The Government Lottery Office
	6. Thailand Institute of Scientific and Technological Research
	7. Government Pharmaceutical Organization
	8. Expressway Authority of Thailand
	9. Bangkok Dock Company Limited
	Aeronautical Radio of Thailand Ltd.
	TOT Public Company Limited
	CAT Telecom Public Company Limited
	Thailand Post Co, Ltd.
	MCOT Public Company Limited
	Tobacco Authority of Thailand
	Rubber Authority of Thailand

For the board of the Airport Management State Enterprise with the board members of 10 from 15 which in the past or present, has previously been involved with the government, relationship with the board related to aviation operations or personnel from the military. This can be summarized as follows.

Table 1.44 Important Roles of the Government Sector of the Current Board of the Airport Management State Enterprise

Position	Important Roles of the Government Sector
Chairman	Director-general of the Ministry of Finance
	Director-general of the Ministry of Finance
	Director of the State Enterprise Policy Office
Chairman of the corporate governance committee	Director of the department of electronic communication, Royal Thai Airforce
Chairman of compensation determination	Governor of the Tourism Authority of Thailand
Committee on compensation determination	Deputy Permanent Secretary of the Ministry of Finance
Chairman of the recruitment committee	Deputy Director-general of the Department Revenue, Ministry of Finance
Committee on risk management	Director-general of the Comptroller General's Department
Independent committee	Commander of the Office of Forensic Science
Committee	Deputy permanent secretary of the Ministry of Transport
Committee on recruitment	Director-general of the Excise Department
Committee on compensation determination	Advisor to the Secretariat of the Cabinet

Source: The Airport Management State Enterprise (2019)

4.12.2 Commercial Management Concession Policy with the Airports

Since there are executive members who used to be high-ranking government officials or personnel from the military currently involving in the country administration and be board members of the Airport Management State Enterprise, it is certainly being questioned about the benefits of business conducting of the Airport Management State Enterprise, for example, the auction for the duty-free stores at 4 international airports including Suvarnabhumi, Phuket, Chiang Mai, and Hat Yai airport as well as the auction for the rights to manage commercial area at Suvarnabhumi airport under the Public-Private Partnership Act of 2019 which was replaced the new act in 2013. After it was announced, the next process is the supervision entity of the Airport Management State Enterprise, which is the Ministry of Transport, must provide information to SEPO for consideration and pass on to the committee on public-private partnership for the approval. The chairman of this committee is the prime minister which is the committee chairman on internal board adjustment consideration of the Airport Management State Enterprise as well as there is a committee chairman who used to be the director of the State Enterprise Policy Office which is the primary agent who submits the matter to the partnership committee as the following step. "After the state enterprise has submitted information to SEPO, according to the laws, an official will then propose it to the partnership committee, which has the prime minister as the chairman, for consideration and approval. Thus, an announcement, on criteria determination of what type of investment project is a related business, from the policy committee will be submitted to a cabinet meeting for approval and will be used as the guideline for the future businesses that are considered to be in compliance with the process of the partnership act (Sakda Saengsri, personal communication, January 17, 2019).
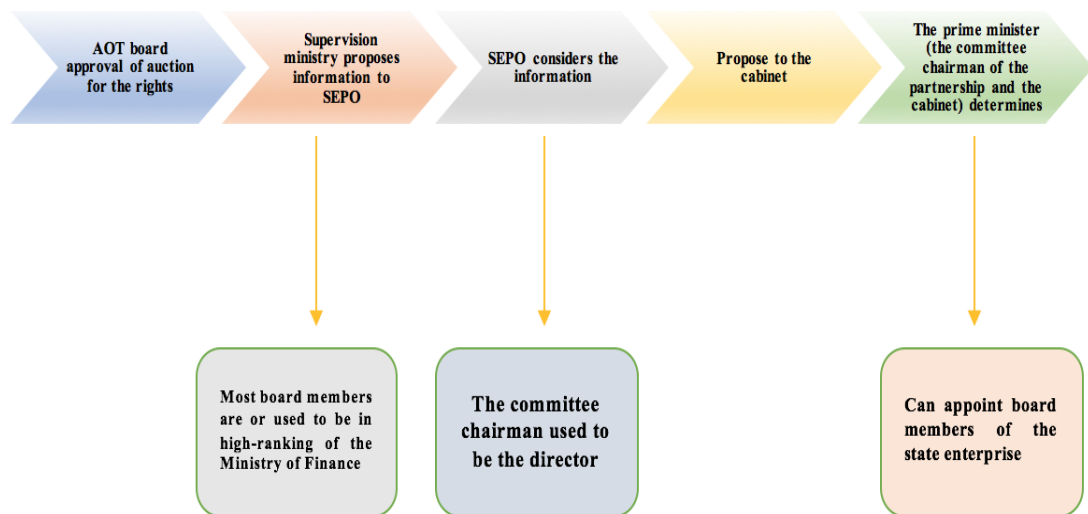
Figure 1.12 The Auction Process Under the Partnership Act and the Relationship between the Board and the Airport Management State Enterprise

For the auction model on the right to manage the area in airports, the Airport Management State Enterprise will provide the right to only one private company that wins the auction. Aside from considering the experience in retail store management, a minimum guarantee of compensation and revenue sharing are also considered depending on how much compensation each method can provide. The auction winner will gain the right to manage the area in all 4 airports for 10 years or until 2031. This has been questioned about the cronyism of the business group to create a monopoly. If the number of retailers in tourism businesses is considered, Thailand is the only country with a single, large duty-free store operator with a market share of over 90% while other countries such as South Korea which has 10 operators with the top 3 operators share around 10-40% of the market or even in Cambodia which has 3 duty-free operators.

Major players		Korea	Japan	HK/Macau	Singapore	Taiwan	Cambodia	Thailand
Hotels (not a comprehensive list)		Hyatt Hilton Marriott Four Seasons W Sheraton InterContinental	Hyatt Hilton Marriott Four Seasons Mandarin Shangri La Sheraton InterContinental	Hyatt Hilton Marriott Four Seasons Mandarin Shangri La W Sofitel Sheraton InterContinental	Hyatt Hilton Marriott Four Seasons Mandarin Shangri La W Sheraton Raffles InterContinental	Hyatt Marriott Mandarin Shangri La W Sheraton	Hyatt Sofitel Anantara InterContinental Raffles	Hyatt Hilton Marriott Four Seasons Mandarin W Shangri La Sofitel Sheraton Anantara InterContinental
Single travel retail player with market share of …	>90%							King Power
	>70%					Ever Rich		
	<70%	Lotte Shilla Shinsegae Hyundai Donghwa Hanhwa SM Duty Free Entas Dufry JTO/DFS	JATCO DFS Laox Lotte Shilla Mitsukoshi Blanc de Blanc ANA Jalux ASD	DFS Nuance/ Dufry Heinemann King Power (HK) Shilla China Duty Free LSTR	DFS Shilla LSTR Heinemann Cocoa Trees	TTL Tasa Meng	DFS CDF Dufry	More than Free Shilla (Phuket DT)

Figure 1.13 The Number of Duty-Free Businesses in Each Country.

Source: The Moodie Davitt Report Asia Pacific (2019)

When the duty-free sales estimation is considered between Thailand and South Korea, it is found that even though Thailand has as many as 32.9 million tourists (the number of tourists staying overnight), but Thailand can only generate revenue from the duty-free product sale of 1.9 billion US dollar. While South Korea has 16.9 million tourists, it can generate revenue of 10.9 billion US dollars from duty-free sales or 5.7 times higher than Thailand.

Global rank	Country	2016	CAGR' 12-16
1	France	82.5	0.2%
2	USA	75.7	3.2%
3	Spain	75.6	7.1%
4	China	59.3	0.7%
5	Italy	52.8	3.3%
6	UK	35.8	5.1%
7	Germany	35.6	4.0%
8	Mexico	35.0	10.6%
9	Thailand	32.6	9.8%
10	Russia	31.9	6.0%
12	Malaysia	26.8	1.8%
13	Hong Kong	26.6	2.8%
16	Japan	24.0	30.0%
22	South Korea	16.9	11.8%
23	Singapore	16.9	3.4%
25	Macau	15.7	3.7%
30	Indonesia	12.0	10.7%
36	Taiwan	9.7	9.7%
37	Vietnam	9.0	9.8%
38	India	8.8	7.5%
39	Australia	8.3	8.5%
47	Philippines	5.7	8.6%
53	Cambodia	5.0	8.6%

	Country	Global Travel Retail & Duty Free Sales (B USD)
1	Korea	10.9
2	China	4.7
3	US	3.9
...		
7	Hong Kong	2.2
8	Thailand	1.9
9	Singapore	1.8
10	Japan	1.8

Figure 1.14 Number of Tourists in Each Country and Revenue from the Duty-Free Sales between Thailand and South Korea

Source: Euromonitor (2017)

When the concession structure of duty-free shops is considered, in general, there are 4 types of business concession for duty-free shops as follows:

1) Master Concession is a concession granted to a single operator. For the opening of the auction for duty-free shop management in Thailand, this method is used.

2) Multiple Concessions by Location is a concession granting many service providers depending on the location of the passenger terminal.

3) Multiple Concession by Category is a concession granted to multiple monitors classified by product type.

4) Multiple Concession by Category and Location is a combination of location and product category.

When comparing between Suvarnabhumi Airport and other domestic airports that are similar both in terms of the number of users per year and the size of the airport, it

is found that duty-free businesses in other countries commonly use the concession method of categorized by the type of products and services.

Table 1.45 Statistics Comparison of Airports

The year 2016	Suvarnabhumi	Incheon	Changi	Hong Kong
User per year (million passengers)	55.9	57.8	58.7	70.3
Airport size	563,000	594,000	1,000,000	710,000
Size of duty-free shops (sqr.m.)	12,000	17,400	n/a	12,500

Source: Business Insider (2019)

Table 1.46 Comparison of the Number of Concessionaires of Airports and Estimated Sales of Duty-Free Shops

Airports	Country	Est. DF. Sales (Billion USD)	#of concessions	Master Concession	Multiple Concessions By Location	By Category
Incheon Airport T-1	South Korea	2	6		x	
Incheon Airport T-2	South Korea		6			X
Changi Airport	Singapore	1.6	3+			X
Hong Kong Airport	Hong Kong	1.4	4+			X
Suvarnabhumi Airport	Thailand	1.1	1	x		

Source: General Research (2017)

"The single, large concession model is suitable for a small airport with a low passenger volume. This model was famous in the past. Currently, large airports do not use this model anymore. Apart from the ease of management, the single, large concession usually results in the lack of variety of products and services, shops are less interested, and the lack of price competition since there is no competitor, and the lack of expertise in products and services" (Anuwat Thanasuwan, personal communication, April 21, 2019).

When the length of concession is compared between Thailand and other foreign leading airports, it is found that most of the length of the concession are shorter than Thailand at approximately 5-7 year. For Thailand, the received concession length is 10 years and maybe extended to 14 years.

Figure 1.15 Comparison of the Length of Concession of Duty-Free Shops in Various
              Countries

Source: General Research (2017)

For the fee that the duty-free shop operators have to pay to the airport, it is found that the airport receives an average concession fee of 30-40%. In Thailand, the concession fee received by the Airport Management State Enterprise is around 17% for Suvarnabhumi Airport and 19% for Don Mueang and Phuket Airport. While Incheon and Changi airports receive 40% and 46% of concession fees respectively.

Table 1.47 Comparison of Concession Fees Received from Duty-Free Operators in Each Airport

Country	Airport Name	Concession Fees (%)
Thailand	Suvarnabhumi Airport	17
South Korea	Incheon Airport	40
Singapore	Changi Airport	46
China	Beijing Capital Airport	43-48
China	Shanghai Airport	20-25
Turkey	Turkey ISG Airport	46.5
Global Average		30-40

Source: Credit Suisse (2017)

The information indicates that the retail market for tourism or duty-free shops in Thailand has the potential to grow through tourists' spending especially the group of tourist with high-spending such as Chinese, Korean, Japanese which account for 39.1% of all tourists in Thailand and has an average accumulated growth rate between 2012-2016 of 14.6%. If there is a balanced and fair competition, it will help elevate international duty-free shop operators in the airports. However, according to the corporate governance structure related to concessions in South Korea, it is found that they are managed by Korea Airport Corporation (KAC) except for Incheon Airport which is the largest airport and managed by the Incheon International Airport Corporation (IIAC). Both companies are government agencies and are under the management power of the Ministry of Land, Infrastructure, and Transport. Both KAC and IIAC have to cooperate with the Korea Customs Service (KCS) which is under the Ministry of Strategy and Finance. For a Request for Proposal (RFP) of every airport, it must be approved by KCS and, in some cases, KCS will cooperate in the creation of RFP with the airport operator. This model of operation is like a work which gives the balanced working power in controlling and decision making and is the balance of power between the Ministry of Transport, the Ministry of Finance, customs agencies, and airport service providers.
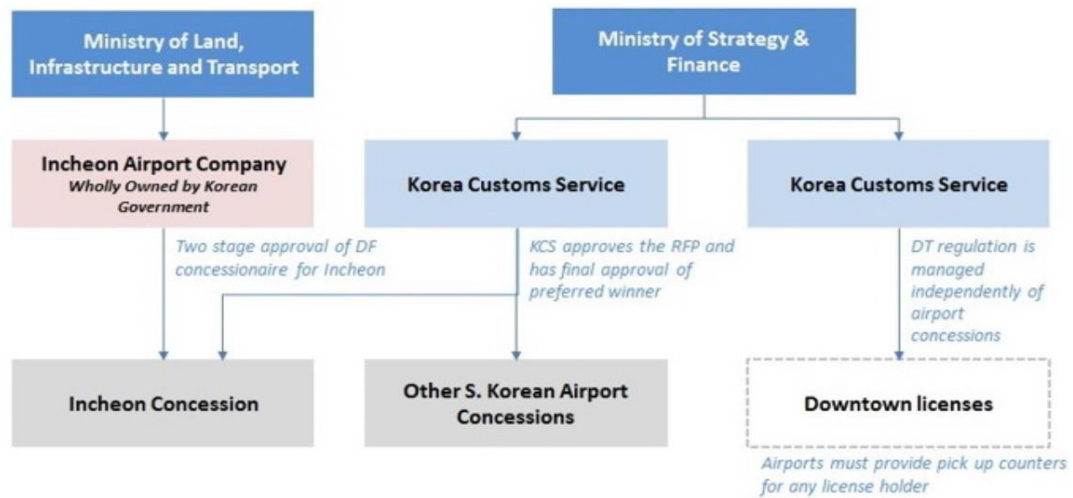
Figure 1.16 Airport Supervision Structure of South Korea
Source: HSBC (2016)

For Suvarnabhumi Airport and Don Mueang Airport of Thailand, the Ministry of Finance is a 70% shareholder of the Airport Management State Enterprise. The Airport Management State Enterprise provides the concession rights and determines proposal in every dimensions as well as being the only organization for price offer without consideration procedures from the customs office of the Ministry of Transport as in the case of airports in South Korea. But the Department of Customs only involves in issuing licenses for bonded warehouses and licenses for duty-free products for the concession winner.

CHAPTER 2

QUANTITATIVE DATA ANALYSIS RESULTS

This chapter presents the study results of questionnaire analysis in the following order

5.1 Sample Group Analysis of the Respondents

5.2 Analysis of Opinion Levels with the Average Value

5.3 Study of Factors for Compensation Determination of the Executives in State Enterprises

5.1 Sample Group Analysis of the Respondents

From the total of 700 questionnaires sent out, there were 382 useful responses representing 54.57 percent of the sent questionnaires. The basic information of the respondents can be summarized as follows, 52.35% of the respondents were males, most aged in the range of 40-49 years representing 37.69% followed by the rage of 30-39 years old which is 29.31%. Most respondents have education at the master's degree level which accounts for 51.83%, followed by the bachelor's degree 48.17%. Most of the respondents have a position at level 8 which is 29.31%. Most salaries are less than 50,000 baht which is 23.56% seconded by the majority of salaries in the range of 50,000-60,000 baht of 12.04%. The respondents' details can be shown in Table 5.1.

Table 2.1 Basic Information of the Respondents

Demographic Factors (%)	
Gender	• Male = 52.35 %
	• Female = 47.65 %
Age	• Less than 30 years old = 18.12 %
	• 30 – 39 years old = 29.21 %
	• 40 – 49 years old = 37.59 %
	• 50 years old onward = 15.08 %
Education	Lower than a bachelor's degree -
	• Bachelor's degree = 48.17 %
	• Master's degree = 51.83 %
	• Doctorate's degree -
Position levels	• Level 5 = 10.36 %
	• Level 6 = 23.46 %
	• Level 7 = 27.12 %
	• Level 8 = 30.26 %
	• Level 9 = 8.80 %
Length of service	• No more than 5 years = 16.23 %
	• 6 – 10 years = 20.41 %
	• 11 – 15 years = 17.80 %
	• 16 – 20 years = 29.31 %
	• 21 – 25 years = 15.73 %
	• More than 25 year = 0.52 %

Table 5.1 (Continued)

Demographic Factors (%)	
Salary levels	• Less than 50,000 baht = 23.56 %
	• 50,000 – 60,000 baht = 12.04 %
	• 60,000 – 70,000 baht = 9.95 %
	• 70,000 – 80,000 baht = 10.47 %
	• 80,000 – 90,000 baht = 9.42 %
	• 90,000 – 100,000 baht = 8.38 %
	• 100,000 – 110,000 baht = 2.62 %
	• 110,000 – 120,000 baht = 8.90 %
	• 120,000 – 130,000 baht = 5.76 %
	• 130,000 – 140,000 baht = 5.76 %
	• 140,000 – 150,000 baht = 1.57 %
	• 150,000 – 160,000 baht = 1.57 %

Respondents details classified by the state enterprises, are summarized as follows, there are 196 respondents from the Energy State Enterprise most of who are male at the proportion of 58.46%. Most aged 40-49 years old representing 39.79% followed by the range of 30-39 years old at 21.43%. The respondents have the same level of education level between master and bachelor's degree at 50%. Most respondents are at position level 8 which accounts for 35.71% and the majority had a service length of 16-20 years at a proportion of 26.53%. Most respondents have a salary of less than 50,000 baht at a proportion of 19.38% seconded by the range of salary of 110,000 - 120,000 baht at a proportion of 13.26%.

For the Airport Management State Enterprise, there are 186 respondents of the questionnaire. Most respondents are female at a proportion of 53.76%. Most respondents are in the age range of 30-39 years old which accounts for 36.56% seconds by the age range of 40-49 years old at a proportion of 35.48%. Most respondents have an education level of a master's degree at a proportion of 53.76% seconded by a bachelor's degree at a proportion of 46.24%. Most respondents have a position at level 7 with a proportion of 30.11%. The service length is mostly 16-20 years with a proportion of 32.26%. Salary

level is mostly lower than 50,000 baht which accounts for 27.96% seconded by the level of 50,000-60,000 baht at a proportion of 18.28%. The details can be shown in Table 5.2

Table 2.2 Basic Information of the Respondents Categorized by State Enterprises

Demographic Factors (%)	
The Energy State Enterprise	**The Airport Management State Enterprise**
Gender	**Gender**
• Male = 58.46 %	• Male = 46.24 %
• Female = 41.54 %	• Female = 53.76 %
Age	**Age**
• Less than 30 years old = 20.41 %	• Less than 30 years old = 16.12 %
• 30 – 39 years old = 21.43 %	• 30 – 39 years old = 36.56 %
• 40 – 49 years old =39.79 %	• 40 – 49 years old = 35.48 %
• 50 years old onward = 18.37 %	• 50 years old onward = 11.84 %
Education	**Education**
• Lower than a bachelor's degree -	• Lower than a bachelor's degree -
• Bachelor's degree = 50 %	• Bachelor's degree = 46.24 %
• Master's degree = 50 %	• Master's degree = 53.76 %
• Doctorate's degree -	• Doctorate's degree -
Position level	**Position level**
• Level 5 = 10.20 %	• Level 5 = 10.75 %
• Level 6 = 23.47 %	• Level 6 = 23.66 %
• Level 7 = 24.49 %	• Level 7 = 30.11 %
• Level 8 = 35.71 %	• Level 8 = 23.65 %
• Level 9 = 6.13 %	• Level 9 = 11.83 %

Table 5.2 (Continued)

Demographic Factors (%)	
The Energy State Enterprise	**The Airport Management State Enterprise**
Service length	**Service length**
• Not more than 5 years = 14.29 %	• Not more than 5 years = 18.28 %
• 6 – 10 years = 20.41 %	• 6 – 10 years = 20.43 %
• 11 – 15 years = 12.24 %	• 11 – 15 years = 23.66 %
• 16 – 20 years = 26.53 %	• 16 – 20 years = 32.26 %
• 21 – 25 years = 25.51 %	• 21 – 25 years = 5.37 %
• More than 25 years = 1.02 %	• More than 25 years -
Salary level	**Salary level**
• Less than 50,000 baht = 19.38 %	• Less than 50,000 baht = 27.96 %
• 50,000 – 60,000 baht = 6.12 %	• 50,000 – 60,000 baht = 18.28 %
• 60,000 – 70,000 baht = 8.16 %	• 60,000 – 70,000 baht = 11.83 %
• 70,000 – 80,000 baht = 9.18 %	• 70,000 – 80,000 baht = 11.83 %
• 80,000 – 90,000 baht = 10.20 %	• 80,000 – 90,000 baht = 8.76 %
• 90,000 – 100,000 baht = 5.10 %	• 90,000 – 100,000 baht = 11.83 %
• 100,000 – 110,000 baht = 3.06 %	• 100,000 – 110,000 baht = 2.15 %
• 110,000 – 120,000 baht = 13.26 %	• 110,000 – 120,000 baht = 4.30 %
• 120,000 – 130,000 baht = 9.22 %	• 120,000 – 130,000 baht = 2.04 %
• 130,000 – 140,000 baht = 10.20 %	• 130,000 – 140,000 baht = 1.02 %
• 140,000 – 150,000 baht = 3.06 %	• 140,000 – 150,000 baht -
• 150,000 – 160,000 baht = 3.06 %	• 150,000 – 160,000 baht -

5.2 Analysis of Opinion Levels with the Average Value

For this study, 5 levels gauge of Likert scale were used for the opinion level measurement on the competitive environment of the organization, factors on executive selection, and compensation management for the executive personnel group. The score

was set starting from 1-5 sorting the opinion by highest, high, average, low, lowest. Missing data or incomplete data be not be used in the calculation.

Interpretation for opinion levels of the respondents uses 5 divisions of average score range similar to the score gauge as follows.

Table 2.3 Interpretation of Opinion Levels

Average Score	Opinion Level
4.21-5.00	Highest
3.41-4.20	High
2.61-3.40	Average
1.81-2.60	Low
1.00-1.80	Lowest

5.3 Analysis Results of Opinion Level of the Competitive Environment of the Organizations

Analysis of results of the opinion level of the competitive environment of the organizations are as follows, the overall opinion of the competitive environment of the organizations is at average (average opinion score is 3.28). Detailed analysis found that personnel in the state enterprises agreed at the average level on the competitive level of the industry, government policies on creating pressure to achieve the goals of organizations, issuing state enterprise assessment policies to increase efficiency in the operations and elevate the state enterprises, creating political ties to gain competitive advantages, and issuing government policies that affect goals achievement of the organizations (the average values are 3.22, 3.07, 3.18, 2.90, 3.18, and 3.09 respectively). Besides, personnel in the state enterprises agreed at the high level on differences in goals between the goals of their state enterprise and the goals of state enterprise assessment system and the pressures from competitors within the same industry affecting the changes within their organization (the average values are 3.59 and 3.47 respectively) as detailed in Table 5.4.

Table 2.4 Percentage, Frequency, and the Average of Opinion Related to the Competitive Environment of the Organizations

Questions	Percentage of Opinion **						Average ***	Interpret
	Highest	High	Average	Low	Lowest	S.D.		
1) In your opinion, what is the competitive level of your state enterprise in the industry?	2.62 (10)	37.69 (144)	38.22 (146)	21.47 (82)	0 (0)	0.81	3.22	Average
2) In your opinion, What is the level of pressure on operations to achieve vision, mission, and goal of your state enterprise created by issuing rules and regulations by the government?	0 (0)	20.42 (78)	66.49 (254)	13.09 (50)	0 (0)	0.57	3.07	Average
3) How much more efficient level of your state enterprise operations created by operating according to the State Enterprise Performance Appraisal (SEPA) framework?	0 (0)	36.13 (138)	46.07 (176)	17.80 (68)	0 (0)	0.71	3.18	Average
4) What level of your state enterprise is elevated by operating under the State Enterprise Performance Appraisal (SEPA) framework?	0 (0)	20.94 (80)	48.17 (184)	30.89 (118)	0 (0)	0.71	2.90	Average

Table 5.4 (Continued)

Questions	Percentage of Opinion **						Average ***	Interpret
	Highest	High	Average	Low	Lowest	S.D.		
5) What is the level of difference in operation according to the goals of the State Enterprise Performance Appraisal (SEPA) framework and the goals of your state enterprise?	0.52 (2)	58.11 (222)	40.58 (156)	0.79 (3)	0 (0)	0.51	3.59	High
6) In your opinion, what is the level of adjustment of your state enterprise due to the pressure from competitors within the same industry?	3.66 (14)	43.46 (166)	49.21 (188)	3.67 (14)	0 (0)	0.62	3.47	High
7) In your opinion, what level does your state enterprise need from political ties to create competitive advantages?	0 (0)	27.75 (106)	62.83 (240)	9.42 (36)	0 (0)	0.58	3.18	Average
8) What level does your state enterprise tend to rely on policies issued by the government to achieve vision, missions, and goals?	2.09 (8)	38.74 (148)	30.37 (116)	23.56 (90)	5.24 (20)	0.95	3.09	Average
9) What level of preparedness do personnel in your state enterprise have for changes?	37.17 (142)	57.59 (220)	5.24 (20)	0 (0)	0 (0)	0.57	4.32	Highest

Table 5.4 (Continued)

Questions	Percentage of Opinion **							Interpret
	Highest	High	Average	Low	Lowest	S.D.	Average ***	
10) In your opinion, what does the level of change, the personnel structure of your state enterprise, ready for?	10.47 (40)	51.83 (198)	36.13 (138)	1.57 (6)	0 (0)	0.67	3.71	High
11) In case your state enterprise has to be elevated with radical changes such as matters that affect the work procedures, new personnel capacity developments, or personnel evaluation methods, what is the level of resistance from personnel or labor union in your opinion?	0.52 (2)	3.14 (12)	38.22 (146)	50.79 (194)	13.61 (28)	0.69	2.39	Low
Total average							**3.28**	**Average**

Note: Numbers in parentheses show the frequency of respondents

** Percentage in the opinion level cells from "Highest" to "Lowest" of each item, in total 100 valid percent. For the percentage in the "Do not know/No comment", they are calculated from a total of 382 respondents.

*** The averages are calculated from the opinion score levels from "Highest" to "Lowest"

Analysis of results of the opinion level of the competitive environment of organizations classified by state enterprises are as follows, for the Energy State Enterprise found that the overall opinion on the competitive environment of the organization is at a high level (the average of opinion score is 3.41). Detailed analysis, found that personnel in the state enterprise agreed at the highest level on the preparedness of personnel in the state enterprise for change (the average value is 4.42). Personnel in the state enterprise agree at a high level on the level of competition in the industry, the goal difference of their state enterprise's goals, pressure from competitors within the same industry to changes in their organization, and the readiness of personnel structure (the average values are 3.80, 3.60, 3.90, and 4.12). For the factors on politics and the competitive environment of the organization, it is found that personnel in the state enterprise agreed at an average level on the use of political ties to create competitive advantages (the average value is 3.09) and agreed at a low level on issuing policies from the government affects the organization's goals (the average value is 2.37).

For the Airport Management State Enterprise, found that the overall opinion on the competitive environment of the organization is at an average level (the average score of opinion is 3.16). For a detailed analysis, it is found that personnel within the state enterprise agreed at the highest level on personnel readiness within the organization for changes (the average score is 4.22). Personnel in the state enterprise agreed at a high level on the difference of their state enterprise's goals (the average value is 3.57). Personnel in the state enterprise agreed at an average level of pressures created by rules and regulations from government agencies for achieving the goals of the organization, organization elevation by the state enterprise performance appraisal, pressures from competitors within the same industry on their organizational changes, the readiness of personnel structure (the average values are 3.14, 2.82, 3.02, and 3.28 respectively). Personnel in the state enterprise agreed at a low level on the competitive level within the industry, increasing the operation's efficiency from the state enterprise performance appraisal, and friction from personnel or labor union for radical changes in internal operations of the organization (the average values are 2.60, 2.45, and 2.51 respectively). For the political factors and the competitive environment of the organization, results show that personnel within the state enterprise agreed at a high level on how issuing policies from the government sector affects goals achievement of the organization

(the average value is 3.84) and agreed on an average level on using political ties to create competitive advantages (the average value is 3.28). The details are shown in Table 5.5.

Table 2.5 Percentage, Frequency, and the Average of Opinion on the Competitive Environment of Each State Enterprise

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret
1) In your opinion, what is the competitive level of your state enterprise in the industry?	5.10 (10)	69.39 (136)	25.51 (50)	0 (0)	0 (0)	0.52	3.80	High	0 (0)	4.30 (8)	51.61 (96)	44.09 (82)	0 (0)	0.57	2.60	Low
2) In your opinion, What is the level of pressure on operations to achieve vision, mission, and goal of your state enterprise created by issuing rules and regulations by the government?	13.27 (26)	74.49 (146)	12.24 (24)	0 (0)	0 (0)	0.51	3.01	Average	0 (0)	27.96 (52)	58.06 (108)	13.98 (26)	0 (0)	0.63	3.14	Average
3) How much more efficient level of your state enterprise operations created by operating according to the State Enterprise Performance Appraisal (SEPA) framework?	0 (0)	30.61 (60)	51.02 (100)	18.37 (36)	0 (0)	0.69	3.12	Average	0 (0)	41.94 (78)	40.86 (76)	17.2 (32)	0 (0)	0.73	2.45	Low

Table 5.5 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄ ***	Interpret	5	4	3	2	1	S.D.	X̄ ***	Interpret
4) What level of your state enterprise is elevated by operating under the State Enterprise Performance Appraisal (SEPA) framework?	0 (0)	20.41 (40)	57.14 (112)	22.45 (44)	0 (0)	0.66	2.99	Average	0 (0)	21.51 (40)	38.71 (72)	39.78 (74)	0 (0)	0.76	2.82	Average
5) What is the level of difference in operation according to the goals of the State Enterprise Performance Appraisal (SEPA) framework and the goals of your state enterprise?	1.02 (2)	59.18 (116)	38.78 (76)	1.02 (2)	0 (0)	0.53	3.60	High	0 (0)	56.99 (106)	43.01 (80)	0 (0)	0 (0)	0.49	3.57	High
6) In your opinion, what is the level of adjustment of your state enterprise due to the pressure from competitors within the same industry?	7.14 (14)	75.51 (148)	17.35 (34)	0 (0)	0 (0)	0.49	3.90	High	0 (0)	9.68 (18)	82.76 (154)	7.56 (14)	0 (0)	0.42	3.02	Average

Table 5.5 (Continued)

Questions	Percentage of Opinion **																
	The Energy State Enterprise								The Airport Management State Enterprise								
	5	4	3	2	1	S.D.	$\bar{X}$***	Interpret	5	4	3	2	1	S.D.	$\bar{X}$***	Interpret
7) In your opinion, what level does your state enterprise need from political ties to create competitive advantages?	0 (0)	20.40 (40)	68.37 (134)	11.23 (22)	0 (0)	0.56	3.09	Average	0 (0)	35.48 (66)	56.99 (106)	7.53 (14)	0 (0)	0.59	3.28	Average
8) What level does your state enterprise tend to rely on policies issued by the government to achieve vision, missions, and goals?	1.02 (2)	2.04 (4)	40.82 (80)	45.92 (90)	10.20 (20)	0.74	2.37	High	3.23 (6)	77.42 (144)	19.35 (36)	0 (0)	0 (0)	0.45	3.84	High
9) What level of preparedness do personnel in your state enterprise have for changes?	42.56 (84)	56.12 (110)	1.02 (2)	0 (0)	0 (0)	0.51	4.42	Highest	31.18 (58)	59.13 (110)	9.69 (18)	0 (0)	0 (0)	0.60	4.22	Highest
10) In your opinion, what does the level of change, the personnel structure of your state enterprise, ready for?	20.40 (40)	73.47 (144)	4.09 (8)	2.04 (4)	0 (0)	0.56	4.12	High	0 (0)	29.03 (54)	70.97 (130)	0 (2)	0 (0)	0.47	3.28	Average

Table 5.5 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret
11) In case your state enterprise has to be elevated with radical changes such as matters that affect the work procedures, new personnel capacity developments, or personnel evaluation methods, what is the level of resistance from personnel or labor union in your opinion?	1.02 (2)	1.02 (2)	31.63 (62)	57.14 (112)	9.19 (18)	0.68	2.28	Low	0 (0)	5.38 (10)	45.16 (84)	44.08 (82)	5.38 (10)	0.68	2.51	Low
Total average value							**3.41**	**High**							**3.16**	**Average**

Note: 5 = Highest, 4 = High, 3 = Average, 2 = Low, 1 = Lowest

Numbers in parentheses show the frequency of respondents

** Percentage in the opinion level cells from "Highest" to "Lowest" of each item, in total 100 valid percent. For the percentage in the "Do not know/No comment", they are calculated from a total of 196 respondents of an energy state enterprise and 186 respondents of an airport management state enterprise.

*** The averages are calculated from the opinion score levels from "Highest" to "Lowest"

5.4 Analysis Results of the Opinion Level in Executive Selection

The analysis results of the opinion level on the executive selection are as follows: the overall opinion on the factors of executive selection is at a high level (the average opinion score is 3.83). Detailed analysis, found that personnel in the state enterprises agreed at the highest level on the selection of personnel in the executive position (level 7-8 and level 9-10) which is a selection of personnel within the organizations (the average value is 4.34 and 4.60 respectively). Personnel agreed at the highest level on the factors for the selection of personnel in the executive position are the management experience and the ability to create changes (the average values are 4.52 and 4.64 respectively). The personnel agreed at a high level on the factors of the ability to acquire resources, ability on risk management, education profile, and business network (the average values are 3.75, 3.89, 3.50, and 3.96 respectively). Personnel agreed at an average level on the factors for the selection of personnel in the executive position which is related to political tie factors and reputation in the industry (the average values are 3.39 and 3.19 respectively) and the personnel agreed at a low level on the factors for the selection of personnel in the executive position which is related to organizational management involving political power (the average value is 2.41). The details are shown in Table 5.6.

Table 2.6 Percentages, Frequencies, and Averages of the Factors in Executive Selection

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
1) Promoting to the executive level (level 7-8) focuses on selecting personnel within the organization.	34.03 (130)	65.97 (252)	0 (0)	0 (0)	0 (0)	0.47	4.34	Highest
2) Promoting to the executive level (level 9-10) focuses on selecting personnel within the organization.	60.21 (230)	39.79 (152)	0 (0)	0 (0)	0 (0)	0.49	4.60	Highest
3) Your ability to access important resources for creating sustainability of the state enterprise is an important factor in the selection of personnel in the executive group or your state enterprise	7.85 (30)	59.16 (226)	32.99 (126)	0 (0)	0 (0)	0.59	3.75	High
4) Experience in management is an important factor in the selection of personnel in the executive group or your state enterprise	53.40 (204)	46.07 (176)	0 (0)	0.53 (2)	0 (0)	0.53	4.52	Highest

Table 5.6 (Continued)

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
5) The political tie is an important factor for the selection of personnel in the executive position of your state enterprise	1.05 (4)	40.84 (156)	54.97 (210)	2.62 (10)	0.52 (2)	0.59	3.39	Average
6) Working experience in politics and management experience of organizations involving high political power are important factors in the personnel selection of your state enterprise.	0.52 (2)	0.52 (2)	45.03 (172)	47.64 (182)	6.29 (24)	0.64	2.41	Low
7) Ability on risk management is an important factor in the selection of personnel of your state enterprise.	8.38 (32)	72.25 (276)	19.37 (74)	0 (0)	0 (0)	0.51	3.89	High
8) Creating changes within organizations is an important factor in the selection of personnel of your state enterprise.	65.45 (250)	33.51 (128)	1.05 (4)	0 (0)	0 (0)	0.50	4.64	Highest
9) Education profile is an important factor in the selection of personnel of your state enterprise	0 (0)	50.26 (192)	49.22 (188)	0.52 (2)	0 (0)	0.51	3.50	High

Table 5.6 (Continued)

Questions	Percentage of Opinion **						Average***	Interpret
	Highest	High	Average	Low	Lowest	S.D.		
10) The reputation of the executive within the industry is an important factor in the personnel selection of the executive group in your state enterprise	0.52 (2)	27.26 (104)	57.59 (220)	14.63 (56)	0 (0)	0.65	3.13	Average
11) Having business networks which leads to the creation of competitive advantages within the industry is an important factor for personnel selection in the executive group of your state enterprise	9.42 (36)	77.49 (296)	13.09 (50)	0 (0)	0 (0)	0.47	3.96	High
Total average value							**3.83**	**High**

Note: Numbers in parentheses show the frequency of respondents

** Percentage in the opinion level cells from "Highest" to "Lowest" of each item, in total 100 valid percent. For the percentage in the "Do not know/No comment", they are calculated from a total of 382 respondents.

*** The averages are calculated from the opinion score levels from "Highest" to "Lowest"

Analysis of results of the opinion level on the factors for executive selection categorized by state enterprises are as follows, for the Energy State Enterprise, it is found that the overall opinion on the executive selection factors is at a high level (the average value of the opinion is 3.85). Detailed, found that personnel within the state enterprise agreed at the highest level on the selection of personnel in the executive position (level 7-8 and level 9-10) is the selection of personnel within the organization (the average values are 4.31 and 4.63 respectively). The personnel agreed at the highest level on the personnel selection factors for the executive position come from management experience factor and the ability to create changes (the average values are 4.43 and 4.73 respectively). The personnel agreed at a high level on the personnel selection factors to the executive position come from the ability to acquire resources, the ability for risk management, and the network within the business sector (the average values are 3.98, 4.13, and 4.05 respectively). Besides, the personnel agreed at an average level on the personnel selection factors to the executive position come from political ties, education profile, and reputation within the industry (the average values are 3.35, 3.38, and 3.02 respectively). The personnel agreed at a low level on the personnel selection factors to the executive position come from the management experience in the organizations involving political power (the average value is 2.44).

Analysis of Airport Management State Enterprise, found that the overall opinion on the selection of executives is at a high level (the average value of the opinion is 3.81). When analyzing in detail, it is found that personnel in the state enterprise agreed at the highest level on the selection of personnel to executive level (level 7-8 and level 9-10) which is a selection from personnel within the organization (the average values are 4.38 and 4.57 respectively). The personnel agreed at the highest level on the personnel selection factors to the executive position and the ability to create changes (the average values are 4.62 and 4.55 respectively). The personnel agreed at a high level on the factors of personnel selection to an executive position comes from the ability to access resources, having political ties, ability in risk management, education profile, and having networks in the business (the average values are 3.41, 3.43, 3.63, 3.63, and 3.87 respectively) and the personnel agreed at a low level on the personnel selection factors to the executive position come from the experience in organization management involving with political power (the average value is 2.39). The details are shown in Table 5.7.

Table 2.7 Percentages, Frequencies, and Averages of the Factors on Executive Selection Classified by State Enterprises

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄ ***	Interpret	5	4	3	2	1	S.D.	X̄ ***	Interpret
1) Promoting to the executive level (level 7-8) focuses on selecting personnel within the organization.	30.61 (60)	69.39 (136)	0 (0)	0 (0)	0 (0)	0.46	4.31	Highest	37.63 (70)	62.37 (116)	0 (0)	0 (0)	0 (0)	0.49	4.38	Highest
2) Promoting to the executive level (level 9-10) focuses on selecting personnel within the organization.	63.27 (124)	36.73 (72)	0 (0)	0 (0)	0 (0)	0.48	4.63	Highest	56.99 (106)	43.01 (80)	0 (0)	0 (0)	0 (0)	0.50	4.57	Highest
3) Your ability to access important resources for creating sustainability of the state enterprise is an important factor in the selection of personnel in the executive group or your state enterprise	12.24 (24)	73.47 (144)	14.29 (28)	0 (0)	0 (0)	0.52	3.98	High	3.26 (6)	44.09 (82)	52.65 (98)	0 (0)	0 (0)	0.56	3.51	High

Table 5.7

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Table 5.7 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄ ***	Interpret	5	4	3	2	1	S.D.	X̄ ***	Interpret
4) Experience on management is an important factor in the selection of personnel in the executive group or your state enterprise	44.90 (88)	54.08 (106)	1.02 (2)	0 (0)	0 (0)	0.55	4.43	Highest	62.37 (116)	37.63 (70)	0 (0)	0 (0)	0 (0)	0.49	4.62	Highest
5) The political tie is an important factor for the selection of personnel in the executive position of your state enterprise	32.65 (64)	61.23 (120)	5.10 (10)	1.02 (2)	0 (0)	0.59	3.25	Average	2.15 (4)	49.46 (92)	48.39 (90)	0 (0)	0 (0)	0.54	3.54	High
6) Working experience in politics and management experience of organizations involving high political power are important factors on the personnel selection of your state enterprise.	1.02 (2)	1.02 (2)	46.94 (92)	42.86 (84)	8.16 (16)	0.70	2.44	Low	0 (0)	0 (0)	43.01 (80)	52.69 (98)	4.30 (8)	0.57	2.39	Low

Table 5.7 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret
7) Ability on risk management is an important factor in the selection of personnel of your state enterprise.	13.27 (26)	86.73 (170)	0 (0)	0 (0)	0 (0)	0.34	4.13	High	3.23 (6)	56.99 (106)	39.78 (74)	0 (0)	0 (0)	0.55	3.63	High
8) Creating changes within organizations is an important factor in the selection of personnel of your state enterprise.	73.47 (144)	26.53 (52)	0 (0)	0 (0)	0 (0)	0.44	4.73	Highest	56.99 (106)	40.86 (76)	2.15 (4)	0 (0)	0 (0)	0.54	4.55	Highest
9) Education profile is an important factor in the selection of personnel of your state enterprise	37.76 (74)	61.22 (120)	1.02 (2)	0 (0)	0 (0)	0.50	3.38	Average	0 (0)	63.44 (118)	36.56 (68)	0 (0)	0 (0)	0.48	3.63	High
10) The reputation of the executive within the industry is an important factor in the personnel selection of the executive group in your state enterprise	1.02 (2)	16.33 (32)	66.32 (130)	16.33 (32)	0 (0)	0.60	3.02	Average	0 (0)	38.71 (72)	48.38 (90)	12.90 (24)	0 (0)	0.67	3.26	Average

Table 5.7 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄ ***	Interpret	5	4	3	2	1	S.D.	X̄ ***	Interpret
11) Having business networks which leads to the creation of competitive advantages within the industry is an important factor for personnel selection in the executive group of your state enterprise	9.18 (18)	86.73 (170)	4.09 (8)	0 (0)	0 (0)	0.36	4.05	High	9.68 (18)	67.74 (126)	22.58 (42)	0 (0)	0 (0)	0.55	3.87	High
Total average value							**3.85**	**High**							**3.81**	**High**

Note: 5 = Highest, 4 = High, 3 = Average, 2 = Low, 1 = Lowest

Numbers in parentheses show the frequency of respondents

** Percentage in the opinion level cells from "Highest" to "Lowest" of each item, in total 100 valid percent. For the percentage in the "Do not know/No comment", they are calculated from a total of 196 respondents of an energy state enterprise and 186 respondents of an airport management state enterprise.

*** The averages are calculated from the opinion score levels from "Highest" to "Lowest"

5.5 Analysis of Results of the Opinion on Compensation Management and the Factors on Compensation Determination for Personnel in the Executive Group

Analysis of opinion level on compensation management and the factors on compensation determination for personnel in the executive group are as follows, the overall opinion on the compensation management of personnel in the executive group is at a high level (the average value of the opinion is 3.81). When analyzed in detail, it was found that personnel in the state enterprises agreed at the highest level on the compensation management of the executives so that they are in the position for a long time. The compensation is considered from different skills and experiences, how the incentive pay compensation management is planned so that the goals are achieved, the incentive pay from the performance of team and organization (the average values are 4.47, 4.46, 4.65, 4.38 and 4.86 respectively). The personnel in the state enterprises agreed at a high level on the compensation management in the state enterprises is a market-leading payment, compensation management between the executive group and general personnel is different, compensation determination of the executive group is done through different human capital characteristic, satisfaction with compensation management of their state enterprise, and incentive compensation determination based on personal performance (the average values are 3.46, 3.67. 3.55, 4.01, and 4.19 respectively).

Analysis of results of the factors on compensation determination for personnel in the executive group, it is found that personnel in the state enterprises agreed at the highest level on the factors for compensation determination of personnel in the executive group come from the compensation determination of the players within the same industry, management experience, and the ability to create changes (the average values are 4.40, 4.48, and 4.62 respectively). The personnel within the state enterprises agreed at a high level on the factors for compensation determination of personnel in the executive group come from board's influence, the ability to acquire resources, the ability for risk management, and having networks in the business sector (the average values are 3.81, 3.73, 3.86, and 3.95 respectively). For the opinion on the factors of political work experience and organization management involving politics and the compensation determination of

the executive group, it is found that employees have an average level of agreement (the average value is 3.10).

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Table 2.8 Percentages, Frequencies, and the Averages of Compensation Management for Personnel in the Executive Group

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
1) Compensation Management for the executive group of your state enterprise uses market-leading strategy	3.66 (14)	45.55 (174)	43.98 (168)	6.81 (26)	0 (0)	0.68	3.46	High
2) Compensation management between the executive group and general personnel is different	10.99 (42)	47.64 (182)	39.27 (150)	2.1 (8)	0 (0)	0.69	3.67	High
3) The compensation management system of your state enterprise is the main factor of attracting for the executive group to perform at their full capacity	4.71 (18)	28.27 (108)	62.83 (240)	4.19 (16)	0 (0)	0.63	3.33	Average
4) The compensation management system of your state enterprise can attract the executive group to work in the organization in the long run	53.40 (204)	39.79 (152)	6.81 (26)	0 (0)	0 (0)	0.62	4.47	Highest

Table 5.8 (Continued)

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
5) Setting base salary compensation for the executive group is considered from different characteristics, skills, experience	46.07 (176)	53.93 (206)	0 (0)	0 (0)	0 (0)	0.50	4.46	Highest
6) Even the personnel are in the same executive group, the base salary compensation will be different considering from different human capital characteristic	0.52 (2)	57.07 (218)	39.27 (150)	3.14 (12)	0 (0)	0.57	3.55	High
7) In your opinion, does your organization use the results from the State Enterprise Performance Appraisal (SEPA) as a factor to determine incentive pay compensation and salary increment for the executive group?	0.52 (2)	23.04 (88)	47.12 (180)	29.32 (112)	0 (0)	0.74	2.95	Average

Table 5.8 (Continued)

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
8) In your opinion, does your organization has planned out the market-leading strategy for base salary compensation of the executive group to motivate them to achieve their goals?	0.52 (2)	17.80 (68)	80.63 (308)	1.05 (4)	0 (0)	0.42	3.18	Average
9) In your opinion, does your organization has planned out the market-leading strategy for incentive pay compensation of the executive group to motivate them to achieve their goals?	65.97 (252)	33.51 (128)	0.52 (2)	0 (0)	0 (0)	0.49	4.65	Highest
10) Do you satisfy with the compensation management of your state enterprise?	14.14 (54)	72.77 (278)	13.09 (50)	0 (0)	0 (0)	0.52	4.01	High
11) Incentive pay compensation of the executive group is considered from the personal performance.	26.70 (102)	65.97 (252)	7.33 (28)	0 (0)	0 (0)	0.55	4.19	High

Table 5.8 (Continued)

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
12) Incentive pay compensation for the executive group is considered from team performance	38.74 (148)	60.21 (230)	1.05 (4)	0 (0)	0 (0)	0.51	4.38	Highest
13) Incentive pay compensation for the executive group is considered from organizational performance	86.39 (330)	13.61 (52)	0 (0)	0 (0)	0 (0)	0.34	4.86	Highest
14) What is the influence level the labor union has in compensation determination for the executive group?	0 (0)	0.52 (2)	6.81 (26)	69.63 (266)	23.04 (88)	0.55	1.89	Low
15) What is the influence level the executive board has in compensation determination for the executive group?	16.76 (64)	47.64 (182)	35.08 (134)	0.52 (2)	0 (0)	0.71	3.81	high

Table 5.8 (Continued)

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
16) What is the influence level of the compensation payment of the players in the same industry has in compensation determination for the executive group?	41.88 (160)	56.02 (214)	2.10 (8)	0 (0)	0 (0)	0.53	4.40	Highest
17) The ability to acquire important resources to create sustainability for the state enterprise is an important factor for different compensation determination of the executives	6.81 (26)	59.69 (228)	33.50 (128)	0 (0)	0 (0)	0.58	3.73	High
18) Management experience is an important factor for different compensation determination of the executives	50.26 (192)	48.69 (186)	0 (0)	1.05 (4)	0 (0)	0.56	4.48	Highest
19. Working experience in politics, management of organizations with high political power influence is an important factor for different compensation determination of the executives	0.52 (2)	19.89 (76)	69.63 (266)	8.91 (34)	1.05 (4)	0.58	3.10	Average

Table 5.8 (Continued)

Questions	Percentage of Opinion **					S.D.	Average ***	Interpret
	Highest	High	Average	Low	Lowest			
16) What is the influence level of the compensation payment of the players in the same industry has in compensation determination for the executive group?	41.88 (160)	56.02 (214)	2.10 (8)	0 (0)	0 (0)	0.53	4.40	Highest
17) The ability to acquire important resources to create sustainability for the state enterprise is an important factor for different compensation determination of the executives	6.81 (26)	59.69 (228)	33.50 (128)	0 (0)	0 (0)	0.58	3.73	High
18) Management experience is an important factor for different compensation determination of the executives	50.26 (192)	48.69 (186)	0 (0)	1.05 (4)	0 (0)	0.56	4.48	Highest
19. Working experience in politics, management of organizations with high political power influence is an important factor for different compensation determination of the executives	0.52 (2)	19.89 (76)	69.63 (266)	8.91 (34)	1.05 (4)	0.58	3.10	Average

Table 5.8 (Continued)

Questions	Percentage of Opinion **						Average ***	Interpret
	Highest	High	Average	Low	Lowest	S.D.		
20. The ability in risk management is an important factor for different compensation determination of the executives	8.38 (32)	69.63 (266)	21.99 (84)	0 (0)	0 (0)	0.53	3.86	High
21. Creating changes within the organization is important for different compensation determination of the executives	63.35 (242)	35.6 (136)	1.05 (4)	0 (0)	0 (0)	0.51	4.62	Highest
22. Education profile is an important factor for different compensation determination of the executives	0.52 (2)	32.98 (126)	64.94 (248)	1.56 (6)	0 (0)	0.51	3.32	Average
23. Reputation within the industry is an important factor for different compensation determination of the executives	0 (0)	24.08 (92)	60.73 (232)	15.19 (58)	0 (0)	0.62	3.09	Average

Table 5.8 (Continued)

Questions	Percentage of Opinion **						Average ***	Interpret
	Highest	High	Average	Low	Lowest	S.D.		
24. Having networks within the business sector which lead to the creation of competitive advantages within the industry is an important factor for different compensation determination of the executives	6.28 (24)	82.19 (314)	11.53 (44)	0 (0)	0 (0)	0.42	3.95	High
Total average value							**3.81**	**High**

Note: Numbers in parentheses show the frequency of respondents

   ** Percentage in the opinion level cells from "Highest" to "Lowest" of each item, in total 100 valid percent. For the percentage

   in the "Do not know/No comment", they are calculated from a total of 382 respondents.

   *** The averages are calculated from the opinion score levels from "Highest" to "Lowest"

Analysis of opinion level related to compensation management and the factors in compensation determination for personnel in the executive group categorized by state enterprise are as follows, for the Energy State Enterprise, it is found that the overall opinion is at a high level (the average score on opinion is 3.88). When analyzing in detail, it is found that personnel in the state enterprise agreed at the highest level on the compensation determination from different characteristics, skills, and experience, the strategic plan from incentive pay compensation management to achieve the working goals, compensation determination from the performance at personal, team, and organizational level (the average values are 4.60, 4.50, 4.22, 4.46, and 4.91 respectively). Personnel in the state enterprise agreed at a high level on compensation management of the state enterprise as a market-leading payment, different compensation management between the executive group and general personnel, compensation management for the executives so that they work in the long run, compensation consideration from different characteristics, skills, and experiences, the use of State Enterprise Performance Appraisal system for incentive compensation, and satisfaction on the compensation management of their state enterprise (the average values are 4.01, 4.13, 4.19, 3.99, 3.47, and 3.83 respectively).

For the analysis results of compensation determination factors for personnel in the executive group, it is found that personnel in the state enterprise agreed at the highest level on the factors of compensation determination of personnel in the executive group from the compensation determination of the players in the same industry, management experience, and the ability to create changes (the average values are 4.46, 4.32, and 4.74 respectively). Personnel in the state enterprise agreed at a high level on the factors of compensation determination for personnel in the executive group that come from the influences of the executive board, the ability to acquire resources, the ability on risk management, and the network within the business sector (the average values are 3.83, 3.95, 4.10, and 4.00 respectively). And personnel in the state enterprise agreed at an average level on the factors of compensation determination of personnel in the executive group that come from education profile and reputation in the industry (the average values are 3.33 and 2.92 respectively). For the opinion on the factor of working experience in politics and the management of the organizations involving politics on

compensation determination of the executive group, it is found that personnel agreed at an average level (the average value is 2.87).

For the Airport Management State Enterprise, it was found that the overall opinion on the compensation management and the factors in compensation determination of personnel in the executive group is at a high level (the average value of the opinion is 3.73). When analyzing in detail, it is found that personnel in the state enterprise agreed at the highest level on the compensation management for the executives so that they work in the long run, the compensation determination from different characteristics, skills, and experiences, the strategic plan for incentive compensation so that they achieve the goals, incentive compensation determination based on the performance at the team and organizational level (the average values are 4.75, 4.31, 4.82, 4.29, and 4.82 respectively). Personnel in the state enterprise agreed at a high level on incentive compensation determination from the performance at the personal level and the satisfaction in compensation management of their state enterprise (the average values are 4.20 and 4.16) and personnel in the state enterprise agreed at an average level on the compensation management within the state enterprise as a market-leading pay, different compensation management for the executive group and general personnel, compensation management system can attract personnel to work at their full capacity, compensation determination from different characteristics, skills, and experiences, strategic planning for incentive compensation management (Base Salary) so that they achieve the goals (the average values are 2.88, 3.19, 3.37, 3.09, and 3.14 respectively). For the analysis results of the factors on compensation determination of personnel in the executive group, it is found that personnel in the state enterprise agreed at the highest level on the factors in compensation determination for personnel in the executive group come from the compensation determination of the players within the same industry, management experience, and the ability to create changes (the average values are 4.33, 4.66, and 4.49 respectively). Personnel in the state enterprise agree at a high level on the factors for compensation determination of personnel in the executive group which come from the executive board's influences, the ability to acquire resources, the ability on risk management, and having networks within the business sector (the average values are 3.78, 3.51, 3.62, and 3.89 respectively) and personnel in the state enterprise agreed at an average level on the compensation determination factors for personnel in the executive

group which come from education profile and the reputation in the industry (the average values are 2.32 and 2.37 respectively). For the opinion on the factors related to working experience in politics and the management of organizations involving politics and the determination of the compensation of the executive group, it is found that personnel agreed at an average level (the average score is 2.34).

Table 2.9 Percentages, Frequencies, and the Average of Compensation Determination for Personnel in the Executive Group Classified by State Enterprises

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄ ***	Interpret	5	4	3	2	1	S.D.	X̄ ***	Interpret
1) Compensation Management for the executive group of your state enterprise uses market-leading strategy	7.14 (14)	86.73 (170)	6.13 (12)	0 (0)	0 (0)	0.36	4.01	High	0 (0)	2.15 (4)	83.87 (156)	13.98 (26)	0 (0)	0.38	2.88	Average
2) Compensation management between the executive group and general personnel is different	21.43 (42)	70.41 (138)	8.16 (16)	0 (0)	0 (0)	0.53	4.13	High	0 (0)	23.66 (44)	72.04 (134)	4.30 (8)	0 (0)	0.49	3.19	Average
3) The compensation management system of your state enterprise is the main factor of attracting for the executive group to perform at their full capacity	1.02 (2)	29.59 (58)	68.37 (134)	1.02 (2)	0 (0)	0.50	3.31	Average	8.60 (16)	26.88 (50)	56.99 (106)	7.53 (14)	0 (0)	0.75	3.37	Average

Table 5.9 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄***	Interpret	5	4	3	2	1	S.D.	X̄***	Interpret
4) The compensation management system of your state enterprise can attract the executive group to work in the organization in a long run	32.65 (64)	54.08 (106)	13.27 (26)	0 (0)	0 (0)	0.65	4.19	High	75.27 (140)	24.73 (46)	0 (0)	0 (0)	0 (0)	0.43	4.75	Highest
5) Setting base salary compensation for the executive group is considered from different characteristics, skills, experience	60.20 (118)	39.80 (78)	0 (0)	0 (0)	0 (0)	0.49	4.60	Highest	31.18 (58)	68.82 (128)	0 (0)	0 (0)	0 (0)	0.46	4.31	Highest
6) Even the personnel are in the same executive group, the base salary compensation will be different considering from different human capital characteristic	1.02 (2)	96.94 (190)	2.04 (4)	0 (0)	0 (0)	0.18	3.99	High	0 (0)	15.05 (28)	78.49 (146)	6.46 (12)	0 (0)	0.46	3.09	Average

Table 5.9 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄ ***	Interpret	5	4	3	2	1	S.D.	X̄ ***	Interpret
7) In your opinion, does your organization use the results from the State Enterprise Performance Appraisal (SEPA) as a factor to determine incentive pay compensation and salary increment for the executive group?	1.02 (2)	44.90 (88)	54.08 (106)	0 (0)	0 (0)	0.52	3.47	High	0 (0)	0 (0)	39.78 (74)	60.22 (112)	0 (0)	0.49	2.39	Low
8) In your opinion, does your organization has planned out the market-leading strategy for base salary compensation of the executive group to motivate them to achieve their goals?	1.02 (2)	17.35 (38)	97.63 (156)	0 (0)	0 (0)	0.44	3.21	Average	0 (0)	16.13 (30)	81.72 (152)	2.15 (4)	0 (0)	0.41	3.14	Average

Table 5.9 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret
9) In your opinion, does your organization has planned out the market-leading strategy for incentive pay compensation of the executive group to motivate them to achieve their goals?	51.02 (100)	47.96 (94)	1.02 (2)	0 (0)	0 (0)	0.52	4.50	Highest	81.72 (152)	18.28 (34)	0 (0)	0 (0)	0 (0)	0.39	4.82	Highest
10) Do you satisfy with the compensation management of your state enterprise?	2.04 (4)	78.57 (154)	19.39 (38)	0 (0)	0 (0)	0.43	3.82	High	26.88 (50)	66.67 (124)	6.45 (12)	0 (0)	0 (0)	0.54	4.20	High
11) Incentive pay compensation of the executive group is considered from the personal performance.	30.61 (60)	61.22 (120)	8.17 (16)	0 (0)	0 (0)	0.58	4.22	Highest	22.58 (42)	70.97 (132)	6.45 (12)	0 (0)	0 (0)	0.52	4.16	High
12) Incentive pay compensation for the executive group is considered from team performance	46.94 (92)	52.04 (102)	1.02 (2)	0 (0)	0 (0)	0.52	4.46	Highest	30.11 (56)	69.89 (128)	1.08 (2)	0 (0)	0 (0)	0.48	4.29	Highest

Table 5.9 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄***	Interpret	5	4	3	2	1	S.D.	X̄***	Interpret
13) Incentive pay compensation for the executive group is considered from organizational performance	90.82 (178)	9.18 (18)	0 (0)	0 (0)	0 (0)	0.29	4.91	Highest	81.72 (152)	18.28 (34)	0 (0)	0 (0)	0 (0)	0.39	4.82	Highest
14) What is the influence level the labor union has in compensation determination for the executive group?	0 (0)	1.02 (2)	5.10 (10)	69.39 (136)	24.49 (48)	0.55	1.83	Low	0 (0)	0 (0)	8.60 (16)	69.89 (130)	21.51 (40)	0.53	1.87	Low
15) What is the influence level the executive board has in compensation determination for the executive group?	18.37 (36)	45.92 (90)	35.71 (70)	0 (0)	0 (0)	0.72	3.83	High	15.05 (28)	49.46 (92)	34.44 (64)	1.08 (2)	0 (0)	0.70	3.78	High
16) What is the influence level of the compensation payment of the players in the same industry has in compensation determination for the executive group?	45.92 (90)	54.08 (106)	0 (0)	0 (0)	0 (0)	0.50	4.46	Highest	37.63 (70)	58.06 (108)	4.31 (8)	0 (0)	0 (0)	0.56	4.33	Highest

Table 5.9 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret
17) The ability to acquire important resources to create sustainability for the state enterprise is an important factor for different compensation determination of the executives	10.20 (20)	74.49 (146)	25.51 (30)	0 (0)	0 (0)	0.50	3.95	High	3.23 (6)	44.87 (82)	51.90 (98)	0 (0)	0 (0)	0.56	3.51	High
18) Management experience is an important factor for different compensation determination of the executives	33.67 (66)	65.31 (128)	0 (0)	1.02 (2)	0 (0)	0.52	4.32	Highest	67.74 (126)	31.18 (58)	0 (0)	1.08 (2)	0 (0)	0.54	4.66	Highest
19) Working experience in politics, management of organizations with high political power influence is an important factor for different compensation determination of the executives	1.02 (2)	6.12 (12)	73.47 (144)	17.35 (34)	2.04 (4)	0.58	2.87	Average	0 (0)	34.41 (64)	65.59 (122)	0 (0)	0 (0)	0.48	3.34	Average

高

Table 5.9 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret	5	4	3	2	1	S.D.	$\bar{X}$ ***	Interpret
20) The ability in risk management is an important factor for different compensation determination of the executives	12.24 (24)	85.72 (168)	2.04 (4)	0 (0)	0 (0)	0.36	4.10	High	4.30 (8)	52.69 (98)	43.01 (80)	0 (0)	0 (0)	0.57	3.61	High
21) Creating changes within the organization is important for different compensation determination of the executives	75.51 (148)	23.47 (46)	1.02 (2)	0 (0)	0 (0)	0.46	4.74	Highest	50.54 (94)	48.38 (90)	1.08 (2)	0 (0)	0 (0)	0.52	4.49	Highest
22) Education profile is an important factor for different compensation determination of the executives	0 (0)	35.71 (70)	64.29 (120)	3.06 (6)	0 (0)	0.53	3.33	Average	1.08 (2)	30.11 (56)	68.81 (128)	0 (0)	0 (0)	0.49	3.32	Average
23) Reputation within the industry is an important factor for different compensation determination of the executives	0 (0)	10.20 (20)	71.43 (140)	18.37 (36)	0 (0)	0.53	2.92	Average	0 (0)	38.71 (72)	49.46 (92)	11.83 (22)	0 (0)	0.66	3.27	Average

Table 5.9 (Continued)

Questions	Percentage of Opinion **															
	The Energy State Enterprise								The Airport Management State Enterprise							
	5	4	3	2	1	S.D.	X̄ ***	Interpret	5	4	3	2	1	S.D.	X̄ ***	Interpret
24) Having networks within the business sector which lead to the creation of competitive advantages within the industry is an important factor for different compensation determination of the executives	5.10 (10)	89.80 (176)	5.10 (10)	0 (0)	0 (0)	0.32	4.00	High	7.53 (14)	74.19 (138)	18.28 (34)	0 (0)	0 (0)	0.50	3.89	High
Total average value							**3.88**	**High**							**3.73**	**High**

Note: 5 = Highest, 4 = High, 3 = Average, 2 = Low, 1 = Lowest

Numbers in parentheses show the frequency of respondents

** Percentage in the opinion level cells from "Highest" to "Lowest" of each item, in total 100 valid percent. For the percentage in the "Do not know/No comment", they are calculated from a total of 196 respondents of an energy state enterprise and 186 respondents of an airport management state enterprise.

*** The averages are calculated from the opinion score levels from "Highest" to "Lowest"

5.6 Results of Factors Affecting Compensation Determination for Personnel in the Executive Group

The analysis of factors affecting the compensation determination of the executives in 2 state enterprises employed multiple regression analysis to study the relationship between variables. Various factors will be extensively studied including the factors on personal characteristics and the organizational factors. In total, 13 factors will be studied including the competitive level within the industry, the creation of advantages from issuing policies by the government sector, the ability to acquire resources, management experiences, political ties, political working experiences, the ability of risk management, the ability to create changes within the organization, education profile, reputation within the industry, having networks within the business sector, the creation of attraction by base compensation determination, the creation of attraction by incentive compensation determination, and the influences of the board.

However, before the analysis of factors affecting the compensation determination of the executives with multiple regression analysis, the researcher examined the assumption of the regression analysis that all independent variables must not be highly correlated by considering the Pearson's product-moment correlation coefficient. It is required that the value should not be greater or equal to .75 From the examination, no independent variable with the correlation greater than .75 according to the requirement. Therefore, statistical analysis is performed with multiple regression analysis methods.

Analysis results of factors affecting the compensation determination of the executives in the state enterprises, found that the factor on the competitiveness of the industry, compensation determination for the players within the market, and the ability to create changes affect different compensation determination of personnel in the executive group with statistical significance at the level of 0.05 in the same direction.

However, all independent variables have effectiveness in predicting the dependent variables of 20.6% (Adjusted R^2 = 0.206), that is, if the average of the causal factors is known (independent variables in this study model), it will be capable to explain the factors affecting the compensation determination of personnel in the executive group in the overall of 20.6% as shown in Table 5.10. The equation used for the forecasting is as follows.

$$Y = 6.061 + 1.163X_{\text{Indutry Competition}} - 1.253X_{\text{Market Players}} - .971X_{\text{Change Management}}$$

With the forecasting efficiency (R^2) is equal to .212

Adjusted forecasting efficiency (Adjusted R^2) is equal to .206

Table 2.10 The Overall Analysis Results of Factors in Compensation Determination of Personnel in the Executive Group

Factors	b	Std. Error	Beta	t	Sig.
Constant	6.061	1.416		4.279	.000
Industry Competition	1.613	.249	.297	6.491	.000
Market Players	-1.253	.231	-.258	-5.421	.000
Change Management	-.971	.202	-.220	-4.803	.000
R = .461 R^2 = .212 Adjusted R^2 = .206 F = 33.956 p = .000					

For the analysis results of factors affecting the compensation determination of executive in the Energy State Enterprise, it is found that factors on the ability to acquire resources, compensation determination from players within the market, management experience, and the ability to create changes affect different compensation determination of personnel in the executive group at a statistically significant level of .05 in the same direction.

All independent variables are effective in predicting the dependent variables at 30.0% (Adjusted R^2 = .300) meaning that if the average of caused factors (independent variables in this study) are known, they can describe the factors that affect the overall compensation determination of personnel in the executive group at 30.0% as shown in Table 5.11. The equation used for the prediction is as follows.

$$Y = 2.437 - 2.025X_{\text{Resource Access}} + 1.524X_{\text{Management Experience}} - 1.325X_{\text{Market Players}} + 1.273X_{\text{Change Management}}$$

With the forecasting efficiency (R^2) is equal to .316

Adjusted forecasting efficiency (Adjusted R^2) is equal to .300

Table 2.11 The Analysis Result of Factors in the Compensation Determination for Personnel in the Executive Group of the Energy State Enterprise

Factors	b	Std. Error	Beta	t	Sig.
Constant	2.437	3.197		3.004	.003
Resource Access	-2.025	.405	-.327	-5.001	.000
Management Experience	1.524	.438	.224	3.447	.001
Market Players	-1.325	.416	-.025	-3.187	.002
Change Management	1.273	.616	.135	2.065	.040
R = .465 R^2 = .316 Adjusted R^2 = .300 F = 13.169 p = .000					

For the analysis results of factors affecting the compensation determination of executive in the Airport Management State Enterprise, it is found that factors on executive board, compensation determination of players within the market, management experience, and the ability to create changes affect the compensation determination of personnel in the executive group with statistical significance at the level of .05 in the same direction.

All independent variables are effective in predicting the dependent variables at 28.0% (Adjusted R^2 = .28) meaning that if the average of caused factors (independent variables in this study) are known, they can describe the factors that affect the overall compensation determination of personnel in the executive group at 28.0% as shown in Table 5.12. The equation used for the prediction is as follows.

$$Y = 11.156 - .980X_{\text{Board Company}} - 1.191X_{\text{Market Players}} - .879X_{\text{Management Experience}} + .895X_{\text{Change Management}}$$

With the forecasting efficiency (R^2) is equal to .296

Adjusted forecasting efficiency (Adjusted R^2) is equal to .280

Table 2.12 The Analysis Result of Factors in the Compensation Determination for Personnel in the Executive Group of the Airport Management State Enterprise

Factors	b	Std. Error	Beta	t	Sig.
Constant	11.156	1.578		7.070	.000
Board Company	-.980	.215	-.296	-4.560	.000
Market Players	-1.191	.267	-.292	-4.465	.000
Management Experience	-.879	.230	-.249	-3.817	.000
Change Management	.895	.261	.216	3.427	.001
R = .544 R^2 = .296 Adjusted R^2 = .280 F = 18.984 p = .000					

Analysis of results affecting the selection of personnel in the executive group of the state enterprises, it is found that factors on management experience, the ability to create changes, and having networks in the business sector affect the different of personnel selection of the executive position with a statistical significance level of .05 in the same direction.

All independent variables were effective in predicting the dependent variables at 43.0% (Adjusted R^2 = .430) meaning that if the caused factors are known (the independent variables in this study), it can describe the overall average values of factors affecting compensation determination of personnel in the executive group at 43.0% as shown in Table 5.13. The formula for prediction is as follows.

$$Y = 3.968 + 1.289X_{\text{Market Players}} - .957X_{\text{Management Experience}} - .629X_{\text{Change Management}}$$

With the forecasting efficiency (R^2) is equal to .437

Adjusted forecasting efficiency (Adjusted R^2) is equal to .430

Table 2.13 The Analysis Results of the Overall Factors of Personnel Selection in the Executive Group

Factors	b	Std. Error	Beta	t	Sig.
Constant	3.968	1.385		2.865	.004
Management Experience	1.289	.257	.242	5.012	.000
Change Management	-.957	.237	-.196	-4.034	.000
Networking	-.629	.236	-.130	-2.670	.000
R = .670 R^2 = .437 Adjusted R^2 = .430 F = 20.045 p = .000					

Analysis result affecting the selection of personnel in the executive group of the Energy State Enterprises, found that factors on management experience and the ability to create changes affect the different personnel selection of the executive position with a statistically significant level of .05 in the same direction.

All independent variables were effective in predicting the dependent variables at 18.5% (Adjusted R^2 = .185) meaning that if the average of caused factors (independent variables in this study) are known, they can describe the factors that affect the overall compensation determination of personnel in the executive group at 18.5% as shown in Table 5.14. The equation used for the prediction is as follows.

$$Y = 2.609 + 1.351X_{\text{Management Experience}} - .990X_{\text{Change Management}}$$

With the forecasting efficiency (R^2) is equal to .185

Adjusted forecasting efficiency (Adjusted R^2) is equal to .194

Table 2.14 The Analysis Results of Factors on Personnel Selection of the Executive
Group in the Energy State Enterprise

Factors	b	Std. Error	Beta	t	Sig.
Constant	2.609	2.130		1.225	.222
Management Experience	1.351	.461	.203	2.932	.004
Change Management	-.990	.338	-.203	-2.925	.004
R = .307 R^2 = .194 Adjusted R^2 = .185 F = 10.028 p = .000					

Analysis of results affecting the selection of personnel in the executive group
of the Airport Management State Enterprises, it is found that factors on executive board,
management experience, the ability to create changes, and education profile affect the
different of personnel selection of the executive position with a statistical significance
level of .05 in the same direction.

All independent variables were effective in predicting the dependent variables at
33.0% (Adjusted R^2 = .330) meaning that if the average of caused factors (independent
variables in this study) are known, they can describe the factors that affect the overall
compensation determination of personnel in the executive group at 33.0% as shown in
Table 5.15. The equation used for the prediction is as follows.

$$Y = 11.156 - .980X_{Board\ Company} - 1.191X_{Management\ Experience} - .879X_{Change\ management} + .895X_{Education}$$

With the forecasting efficiency (R^2) is equal to .311
Adjusted forecasting efficiency (Adjusted R^2) is equal to .330

Table 2.15   The Analysis Results of Factors on Personnel Selection of the Executive
Group in the Airport Management State Enterprise

Factors	b	Std. Error	Beta	t	Sig.
Constant	11.156	1.578		7.070	.000
Board Company	-.980	.215	-.296	-4.560	.000
Management Experience	-1.191	.267	.292	-4.465	.000
Change Management	-.879	.230	-.249	-3.817	.000
Education	.895	.261	.216	3.427	.001
R = .574 R^2 = .330 Adjusted R^2 = .311 F = 18.984 p = .000					

5.7 Summary and Comparison from the Analysis of Qualitative Data and the Statistical Analysis

Analysis of results of qualitative data and the analysis results of statistical data on factors affecting compensation determination for executives, they can be summarized and compared as follows.

Table 2.16 Consistency between Statistical Analysis Results and Qualitative Analysis Results

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
Competitiveness in the industry	Overall	Competitiveness within the industry is at an average level		
	The Energy State Enterprise	Competitiveness within the industry is at a high level	There are 6 major players involved in the petroleum business in the market with a combined market share of 75%. Therefore, this is a concentrated industry. Competition in the industry with the non-oil business is severe due to the high margin of profit. Entering the business as a big player is difficult because of the high investment in basic infrastructure and marketing.	Not quite consistent
	The Airport Management State Enterprise	Competition within the industry is at an average level.	This is a concentrated industry with only 3 players in the market. Entering the business is exceedingly difficult due to high investment in the basic infrastructure, requires a long-time period for the feasibility study, requires specific knowledge and skill in airport management, and obtaining approval to operate the business requires many components in the consideration process Currently, the Airport Management State Enterprise is granted the right to manage the 5 most-crowded airports in Thailand.	Somewhat consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
Pressure from institutions	Overall	Issuing policies from the government create pressure in the operation to achieve vision at an average level. The State Enterprise Performance Appraisal can increase efficiency in the operation and elevate the state enterprise The State Enterprise Performance Appraisal can increase operational efficiency and elevate the state enterprise at an average level with a high level of the difference of the performance appraisal system's goals and the state enterprise's goals.		
	The Energy State Enterprise	Policies issued by the government create pressure in the operations to achieve the visions is at an average level.	Issuing policies from the government may affect the profit of the organization since the state enterprise has a role to comply with the policies of the government.	Not quite consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
	The Energy State Enterprise	The State Enterprise Performance Appraisal can increase operational efficiency and elevate the state enterprise at an average level with a high level of the difference of the performance appraisal system's goals and the state enterprise's goals.	The State Enterprise Performance Appraisal is emphasized by the organization because it is a management system that the organization has already operated in the same manner as the performance appraisal. The goals of the State Enterprise Appraisal system are set according to the organization's indicators.	
	The Airport Management State Enterprise	Issuing policies from the government create pressure in the operations to achieve the visions at an average level. The State Enterprise Performance Appraisal can increase operational efficiency at a low level and elevate the state enterprise at an average level with a high level of the difference of the performance appraisal system's goals and the state enterprise's goals.	Issuing policies from the government can create performance in achieving visions and goals, for example, if the government has the policy to promote tourism, the organization will benefit from increased use of the services of travelers. The organizational performance appraisal system focuses on assessing the standard of the airport management system which has forced to comply with standards and is different from the goals of the State Enterprise Performance Appraisal system.	Somewhat consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
Pressure from competitors within the same industry	Overall	Competitors in the same industry create pressure for the state enterprise to adjust at a high level.		
	The Airport Management State Enterprise	Competitors in the same industry create pressure for the state enterprise to adjust at an average level.	It is in an imperfectly competitive market with a monopoly marketing from the characteristics of the business and is the only large player in the market at the moment.	Somewhat consistent
The readiness of personnel for changes	Overall	Personnel is ready for changes at the highest level and has a low level of resistance in case of changes are necessary.		
	The Energy State Enterprise	Personnel is ready for changes at the highest level and has a low level of resistance in case of changes are necessary.	Personnel is prepared to become executives and ready for changes systematically through a company that is designed to develop proper personnel for the business. The development paths are separated for both potential personnel and general personnel including by the field of work and position. It also layouts careers' paths for personnel and have a succession system.	Consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
	The Airport Management State Enterprise	Personnel is ready for changes at the highest level and has a low level of resistance in case of changes are necessary.	Prepare the personnel so that they have knowledge and skills according to the ICAO and FAA standards. There are 1,052 courses in total including Airport Management Training, Functional & Operations Training, and Soft Skill Training. Each course is designed to match the field and age range. The average budget for human resource development is 34,848.15 bath per person.	Consistent
Promoting to an executive position	Overall	Promoting to the executive position is done through the selection of internal personnel which is at the highest level		
	The Energy State Enterprise	Promoting to the executive position is done through the selection of internal personnel which is at the highest level	Promoting to the middle executive position will select from the talent pool which has recruited personnel from inside and outside to the mentioned pool before developing into the executive positions. For promoting to the top executive position, it focuses on internal personnel.	Somewhat consistent
	The Airport Management State Enterprise	Promoting to the executive position is done through the selection of internal personnel which is at the highest level	Promoting to a middle and high level of executive positions will focus on internal personnel first because the airport management business requires specific experience and skills.	Consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
Factors on the selection of executives	Overall	The factors on management experience, ability to create changes, and having networks within the business differently affect the selection of personnel to an executive position with statistical significance at the level of .05		
	The Energy State Enterprise	The factors on management experience and ability to create changes affect the selection of personnel to an executive position with statistical significance at the level of .05	Use the rules of "Board Skill Matrix and Diversity" by dividing the education and experience into 12 dimensions with different weights. The competencies with high weight include business administration/ management or supervising state enterprises registered in SET and competencies on energy innovation to create sustainability.	Somewhat consistent
	The Airport Manage State Enterprise	The factors on the executive board, management experience, ability to create changes and education profile affect the selection of personnel to an executive position with statistical significance at the level of .05	The recruitment committee has an important role in determine methods and criteria for recruitment and select a list of suitable candidates. Consider from education and experience related to airport management/airport development/airport standards and aviation which have the highest weight due to the airport management business requires direct skill and experience.	Somewhat consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
Compensation payment strategy for executives	Overall	Compensation management using the market-leading strategy is a high level "Executive and general employees have different forms of compensation" is at a high level. Compensation management can attract personnel to perform at their full capacity is at an average level. The compensation management system can attract personnel to operate within the organization in the long run has the highest criterion level.		
	The Energy State Enterprise	Compensation management using the market-leading strategy is a high level "Executive and general employees have different forms of compensation" is at a high level.	The compensation payment strategy of close-to-market is used by comparing with the players in the market within the same industry including companies in the Stock Exchange. The rate difference of compensation between personnel in the executive group and general personnel is at around 39:1.	Not quite consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
		Compensation management can attract personnel to perform at their full capacity is at an average level. The compensation management system can attract personnel to operate within the organization in the long run has the highest criterion level	Compensation is only a component in personnel attraction to work in the long run. Other components include the challenge of work, growth in the position, the sense of being an owner of the organization, etc.	
	The Airport Management State Enterprise	Compensation management using the market-leading strategy is an average level "Executive and general employees have different forms of compensation" is at an average level. Compensation management can attract personnel to perform at their full capacity is at an average level. "Compensation management system can attract personnel to operate within the organization in the long-run" has the highest criterion level	Use compensation payment strategy of closed-to-market in the same industry. The payment level is following the market compared with companies in the Stock Market for the base payment. Planning for compensation management strategy to attract personnel to work for the organization in the long run through incentive pay and an effective farewell system.	

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
Strategies for incentive pay	Overall	The state enterprises use incentive pay strategies to attract the executive group so that they work to achieve the goals is at the highest level. Incentive pay for personnel in the executive group is considered from personal and team performance is at a high level and for organizational performance, the level is at the highest. Incentive compensation payment for personnel in the executive group is considered from the result of the State Enterprise Performance Appraisal is an average level.		
Strategies for incentive pay	The Energy State Enterprise	The state enterprises use incentive pay strategies to attract the executive group so that they work to achieve the goals is at the highest level.	Plan out the incentive pay for personnel in the executive group so that they work to achieve goals. The level of incentive pay for personnel in the executive group depends on a defined performance.	Somewhat consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
		Incentive pay for personnel in the executive group is considered from the personal, team, and organizational performance is at the highest level.	The performance in the personal level of personnel in the executive group comes from the performance in the team and organizational levels.	Consistent
		Incentive compensation payment for personnel in the executive group is considered from the result of the State Enterprise Performance Appraisal is a high level.	The incentive payment for personnel in the executive group conforms with the indicators of the State Enterprise Performance Appraisal system.	
	The Airport Management State Enterprise	The state enterprises use incentive pay strategies to attract the executive group so that they work to achieve the goals is at the highest level.	Plan the incentive payment strategy so that personnel in the executive group can perform to achieve the goals. The level of an incentive payment of the Airport Management State Enterprise is regarded as an organization that pays the highest rate in Thailand for many years.	
		Incentive pay for personnel in the executive group is considered from the personal performance at a high level. For the team and organizational performance is at the highest level.	Compensation payment for personnel in the executive group is considered from personal indicators which are also the overall indicators at the organization level.	

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
		Incentive compensation payment for personnel in the executive group is considered from the result of the State Enterprise Performance Appraisal is a low level.	The indicators from the State Enterprise Performance Appraisal are only a part of the incentive pay compensation of personnel in the executive group.	
Factors for compensation determination of personnel in the executive group	Overall	Setting the base payment is considered from different characteristics and experiences of a person are at the highest level. The difference in compensation determination is considered from different human capital characteristics is at a high level. Factors on competition in the industry, compensation determination from the players within the market, and the ability to create changes resulting in different compensation determination for personnel in the executive group with a statistically significant level at .05	Compensation Determination Committee which is appointed by the board of the company is the negotiator and approving of compensation determination of personnel in the executive group	

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
		Setting the base payment is considered from different characteristics and experiences of personnel is at the highest level.		Consistent
		The difference in compensation determination is considered from different human capital characteristics is at a high level.		
	The Energy State Enterprise	Factors on resources acquisition, compensation determination of the players within the market, management experience, and the ability to create changes resulting in different compensation determination for personnel in the executive group with a statistically significant level at .05	Use the criterion "Skill Mix" for different compensation determination including core skills such as Risk and Crisis Management, Economics and Finance, Management Skill & Corporate Governance, and specific skills such as industry knowledge, Organization Change & Development, International Market, etc. The difference in compensation between personnel in the executive group and general employee is at a proportion of 1:39.	

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
	The Airport Management State Enterprise	Setting the base payment is considered from different characteristics and experiences of personnel is at the highest level. The difference in compensation determination is considered from different human capital characteristics is at an average level. Factors on executive board, compensation determination of the players within the market, management experience, and the ability to create changes resulting in different compensation determination for personnel in the executive group with a statistically significant level at .05 Political ties are needed to create competitive advantages is at an average level.	Compensation Determination Committee which is appointed by the board of the company is the negotiator and approving of compensation determination of personnel in the executive group. Different compensation determination for personnel in the executive group is considered from factors such as airport management experience, understanding of airport standards, airport organizational network management, international aviation business, etc.	Somewhat consistent

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
		Policies issued by the government are needed to achieve the goals of the organization is at an average level.		
Political factors	Overall	Political ties are an important factor in the selection of personnel for an executive position is at an average level. Work experience in politics or management of organizations involving political power is an important factor of personnel selection for an executive position is a low level. Working experience in politics, political ties, or management of organizations involving political power are the factors leading to different compensation determination of personnel in the executive position is at an average level.		

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
	The Energy State Enterprise	Political ties are needed to create competitive advantages is at an average level.	It is a semi-government-semi-private organization with 2 roles, the role of a state enterprise and the role of a private company registered in the Stock Exchange, therefore, political ties are necessary to receive special privileges as a government's organization.	Not consistent
		Policies issued by the government are needed to achieve the goals of the organization is at a low level.		
		Political ties are an important factor in the selection of personnel for an executive position is at an average level.	Involving various government organizations and involving various committees related to energy.	
		Work experience in politics or management of organizations involving political power is an important factor of personnel selection for an executive position is a low level.	Many of the board have involved in government sector or was in government organizations in the past or the present.	
		Working experience in politics, political ties, or management of organizations involving political power are the factors leading to different compensation determination of personnel in the executive position is at an average level.	In the past, the government issued policies that create advantages in acquiring resources.	

Table 5.16 (Continued)

Factor	Analytic Level	Statistical Analysis Result	Qualitative Analysis Result	Consistency of the Study Results
	The Airport Management State Enterprise	Political ties are needed to create competitive advantages is at an average level. Policies issued by the government are needed to achieve the goals of the organization is at a high level. Political ties are an important factor in the selection of personnel for an executive position is at a high level. Work experience in politics or management of organizations involving political power is an important factor of personnel selection for an executive position is a low level. Working experience in politics, political ties, or management of organizations involving political power are the factors leading to different compensation determination of personnel in the executive position is at an average level.	It is a semi-government-semi-private organization with 2 roles, the role of a state enterprise and the role of a private company registered in the Stock Exchange, therefore, political ties are necessary to receive special privileges as a government's organization. Policies issued by the government are required to create a profit of the business especially policies related to tourism.10 out of 15 of the board have involved in the government sector or were in government organizations in the past or the present. The process of an auction for the right of area management of an airport involves many government organizations. The board of the state enterprise has overlapped roles in their position.	Not consistent

Table 2.17 Summary Table of the Consistency of Qualitative and Quantitative
Analysis Results

Analyzed Issues	Organization	Consistency of the Data
Competition in the industry	The Energy State Enterprise	Not quite consistent
	The Airport Management State Enterprise	Somewhat consistent
Pressure from institutes	The Energy State Enterprise	Not quite consistent
	The Airport Management State Enterprise	Somewhat consistent
Pressure from competitors within the same industry	The Energy State Enterprise	Consistent
	The Airport Management State Enterprise	Somewhat consistent
Personnel readiness for changes	The Energy State Enterprise	Consistent
	The Airport Management State Enterprise	Consistent
Promoting to positions in the executive levels	The Energy State Enterprise	Somewhat consistent
	The Airport Management State Enterprise	Consistent
Factors on the selection of executives	The Energy State Enterprise	Somewhat consistent
	The Airport Management State Enterprise	Somewhat consistent
Compensation payment strategy for executives	The Energy State Enterprise	Not quite consistent
	The Airport Management State Enterprise	Somewhat consistent

Table 5.17 (Continued)

Analyzed Issues	Organization	Consistency of the Data
Strategy for incentive pay	The Energy State Enterprise	Somewhat consistent
	The Airport Management State Enterprise	Consistent
Factors on compensation determination for personnel in the executive group	The Energy State Enterprise	Consistent
	The Airport Management State Enterprise	Somewhat consistent
Political factors	The Energy State Enterprise	Not consistent
	The Airport Management State Enterprise	Not consistent

Table 2.18   Conclusion Table According to the Hypothesis

Hypothesis	According to Hypothesis	
	The Energy State Enterprise	The Airport Management State Enterprise
HA		
HA 1	Unaccepted Hypothesis	Unaccepted Hypothesis
HA 2	Unaccepted Hypothesis	Unaccepted Hypothesis
HA 3	Accepted Hypothesis	Unaccepted Hypothesis
HA 4	Accepted Hypothesis	Accepted Hypothesis
HA 5	Accepted Hypothesis	Accepted Hypothesis
HA 6	Unaccepted Hypothesis	Unaccepted Hypothesis
HA 7	Unaccepted Hypothesis	Unaccepted Hypothesis
HA 8	Unaccepted Hypothesis	Unaccepted Hypothesis

Table 5.18 (Continued)

Hypothesis	According to Hypothesis	
	The Energy State Enterprise	The Airport Management State Enterprise
HB		
HB 1	Unaccepted Hypothesis	Unaccepted Hypothesis
HB 2	Accepted Hypothesis	Unaccepted Hypothesis
HB 3	Unaccepted Hypothesis	Accepted Hypothesis
HB 4	Unaccepted Hypothesis	Unaccepted Hypothesis
HB 5	Unaccepted Hypothesis	Unaccepted Hypothesis
HB 6	Unaccepted Hypothesis	Unaccepted Hypothesis
HB 7	Accepted Hypothesis	Accepted Hypothesis
HC		
HC 1	Accepted Hypothesis	Unaccepted Hypothesis
HC 2	Accepted Hypothesis	Accepted Hypothesis
HC 3	Unaccepted Hypothesis	Unaccepted Hypothesis
HC 4	Unaccepted Hypothesis	Accepted Hypothesis

CHAPTER 3

CONCLUSION, DISCUSSION, AND SUGGESTIONS

This thesis has studied and researched the factors in compensation determination of personnel in the executive group of 2 Group A state enterprises in Thailand. The study considered that:

1) Organizational factors consist of the task environment with issues to be considered such as product differences, resources acquisition, fighting with pressure from competitors with in the same industry, and fighting with pressure from institutions, internal organization systems with issues to be considered such as organizational complexity and organizational culture.

2) Personal characteristic factors consist of the ability to access resources, management experience, the ability of risk management, the ability to create changes, educational profile, reputation in the industry, and having networks within the business sector. Political ties were brought in the consideration as well due to, state enterprises in Thailand are regarded as important organization groups that drive the basic infrastructure and they are also a semi-government and semi-private organization which have to be flexible to be able to compete with the private sector as well as they have to operate in accordance to the government's policies. However, for the operation of state enterprises these days, it is found that the score difference according to the State Enterprise Performance Appraisal System is substantial. There are only 16 out of 56 state enterprises in the assessment that has a score greater than 4 out of 5. The results will be used by the State Enterprise Policy Office to classify state enterprises into groups which, at the moment, there are 3 groups, Group A state enterprises, Group B state enterprises (classified into BA and BB), and Group C state enterprises. Being classified into Group A state enterprise means autonomy in management with exemption from many rules especially the compensation determination process. Group A state enterprises can determine their compensational structure and determine their incentive pay. This

leads to research on the compensation management factors for personnel in the executive group. This personnel group is important for driving the organization toward the set goals. The researcher has chosen organizations that are state enterprises because they are semi-government, semi-private thus there has to be inevitably connected to government power. The researcher includes the political factor as another variable for consideration how political factors affect the compensation determination of the executives which lead to research questions which consist of 1) How different characteristics affect compensation determination of personnel in the executive group of state enterprises, 2) How different environment of state enterprises affect compensation determination of personnel in the executive position of state enterprises, 3) What different compensation determination factors of the executive group of each state enterprises are.

Sample group used in this study can be categorized into 1) 20 samples for interviews from the Energy State Enterprise, the Airport Management State Enterprise, and personnel from the State Enterprise Policy Office, 2) sample group of questionnaire respondents from 2 state enterprises consists of the Energy State Enterprise and the Airport Management State Enterprise. 382 respondents are personnel at level 5 onward. The sample group was recruited using the non-probabilistic called purposive sampling. The sample size was calculated by Taro Yamane Sampling Method (1973).

The research instruments were structured interviews and questionnaires with 5 level estimation scales.

Data analysis of the questionnaires employed the Statistic Package for the Social Sciences or SPSS for Windows license for NIDA. The statistics used in the analysis are percentage, average, standard deviation, and multiple regression analysis. The results of the study can be summarized as follows.

6.1 Research Conclusion

The results, from the study of the factors leading to the compensation determination for personnel in the executive group from the interview of 20 samples and the 382 questionnaires analysis, can be summarized by each topic as follows.

6.1.1 Competition within the Industry

The result from the study of competition within the industry by analyzing the questionnaires and the interviews, found that the respondents from both state enterprise comment that the competition within the industry is at an average level. If each state enterprise is considered separately, it was found that personnel in the Energy State Enterprise comment that the competition within the industry is at a high level while the data from the interviews show that the competition within the energy industry is considered a concentrated industry with only 6 major players that have 75% of the market share. Moreover, entering the energy industry can be difficult due to high investment. However, the business with high competition of the industry is non-oil businesses which are an addon business within the gas station and can create a higher profit margin. Moreover, the strategic planning of each major player within the industry also focuses on the development of the non-oil businesses within gas stations as well.

For the Airport Management State Enterprise, was found that personnel within the state enterprise comment on the competition within the industry as being at an average level while the data from the interviews shows that there are 3 main players within the industry, 1 of them is a government organization, another is a private company. Entering the airport management industry for a new player is difficult due to high investment in the basic infrastructure and requires a lengthy period before the business can be run. There are also several steps in the feasible consideration process. Currently, the Airport Management State Enterprise received the right to manage the top 5 airports with the highest user of Thailand.

6.1.2 Pressure from Institutions

Results of analysis of the pressure from institutions from the analysis of questionnaires and the interviews showed that respondents from both state enterprises comment on the pressure level from institutions is at an average level. If each state enterprise is considered separately, it was found that personnel in the Energy State Enterprise comment on the pressure level of institutes at an average level while the data from the interviews showed that policies issued from the government may affect the revenue or achieving the organization's goals as well due to the role of a state

enterprise that has to follow policies from the government without considering revenue. For example, oil or gas fixed price policy in the past caused the organization to bear the price difference during implementation of the policy. For institution pressure in the form of state enterprise assessment by the State Enterprise Policy Office, it was found that personnel comment on how the State Enterprise Performance Appraisal system can increase the operational effectiveness and elevate the state enterprise at an average level. The difference between the goal of the assessment system and the goals of the state enterprise is at a high level. Interview data, found that the State Enterprise Performance Appraisal system assesses the management aspect with annual goals shared between the assessor and those being assessed, and that organizations have been practicing for a long time. Therefore, implementing the state enterprise assessment system is not many adjustments. This can be measured from the assessment score of the first year and the score has been at a very good level until now.

For the Airport Management State Enterprise, it was found that personnel in the state enterprise comment on the pressure from institutions at an average level. While the interview data shows issuing policies from the government has a high impact on the operation to achieve the vision and goals due to the number of airport users correlates with economic distribution and the increase of tourists. Issuing policies from the government from the past to the present usually have more positive pressure because Thailand has policies to promote tourism, also, traveling by airline rate has increased each year. For the pressure of institution in the form of state enterprise assessment system by the State Enterprise Policy Office, it was found that employees have the opinion level how the State Enterprise Appraisal system can increase the effectiveness of the operation and elevate the state enterprise at an average level. The difference between the goal of the assessment system and the goals of the state enterprise is at a high level. From the interview data, it was found that the Airport Management State Enterprise is a business that requires specialized expertise which requires many components to be considered and the organization must abide by international airport management standards. The State Enterprise Performance Appraisal system is rather designed for more general organizations.

6.1.3 Pressure from Competitors within the same Industry

Analysis of questionnaires and the interviews, from competitors within the same industry found that respondents from both state enterprises comment on the level of pressure from competitors within the same industry is at a high level. If each state enterprise is considered separately, it was found that employees in the Energy State Enterprise comment on the level of pressure from competitors within the same industry at a high level while the interview data shows that competitive strategic planning of major competitors within the gas station service industry focuses on the non-oil industry competition which is products and services within the gas station. They also increase the number of gas stations to increase market share and revenue. This strategic planning results in the organization's need to adjust to fighting fierce competition within the industry.

For the Airport Management State Enterprise, it was found that personnel within the state enterprise comment on the level of pressure from competitors within the same industry at a low level while the interview data shows the Airport Management State Enterprise is classified by the type of business in an imperfectly competitive market. In Thailand, there are only 3 major players with different annual business goals and customer groups. Therefore, the competition level between players within the market of the industry is no very high.

6.1.4 Personnel Readiness for Changes

The study results of personnel readiness for changes show that respondents from both state enterprises have an opinion on the level of personnel readiness to changes is at the highest and the resistance from personnel in case of changes need to be made is at a low level. If each state enterprise is considered separately, it was found that personnel in the Energy State Enterprise comment on the level of personnel readiness to changes at the highest level and the resistance from personnel in case of changes need to be made is at a low level while the interview data shows the organization has a high level of systematic personnel readiness through its affiliated companies which are related to personnel development. These companies design activities and contents that are suitable for personnel in each group. They also separate position level, fields of work, and between general personnel and potential personnel group.

For the Airport Management State Enterprise, it was found that personnel in the state enterprise comment on the level of personnel readiness for changes at the highest level and the resistance from personnel in case of changes need to be made is at a low level while the interview data shows that the organization prepares its personnel under the ICAO and FAA standards. These organizations are international aviation standards regulation agencies. 1,052 courses are related to airport management and general courses for effective operation. Therefore, personnel readiness of the Airport Management State Enterprise is under the international standard requirements.

6.1.5 Promoting to Executive Positions

Results of promoting executive positions by analyzing the questionnaires and the interviews, it was found that respondents from both state enterprises comment on the level of promoting to an executive position by selecting personnel to the executive positions within the organization at the highest level. If each state enterprise is considered separately, personnel in the Energy State Enterprise comment on the level of promoting to an executive position by selecting personnel to the executive positions within the organization at the highest level while the interview data shows promoting to executive positions is done through selecting special personnel in the talent pool which consists of internal and external personnel. These personnel will be prepared before promoting to a middle executive level while the top executive will be selected from personnel within the organization or its business groups.

For the Airport Management State Enterprise, it was found that personnel in the state enterprise comment on the level of promoting to executive positions by selecting personnel to the executive position is the selection of personnel in the organization at the highest level while interview data shows the selection of personnel in both middle and top-level focuses on selection personnel inside the organization due to the airport management business requires specific experience and expertise. Because there are only a few organizations in the airport management business, therefore the selection emphasizes personnel from the inside.

6.1.6 Factors on Executive Selection

The study results of factors in the selection of executive by analyzing results from the questionnaires and the interviews found that factors on management experience, the ability to create changes, and having networks in the business sector affect the difference in the selection of personnel in an executive position with statistical significance at the level of .05. If each state enterprise is considered separately, it was found that the Energy State Enterprise emphasizes on the factors of management experience and the ability to create changes which affect the difference in the selection of personnel in an executive position with a statistical significance level of .05 while the interview data shows the organization uses the "Board Skill Matrix and Diversity" criteria with the scope division of skills and experiences into 12 components that have different weight. The skill and experience group with the highest weight in the selection of personnel in the executive group consists of administration and business management/ management or supervise state enterprises registered in SET, and competency in energy innovation to create sustainability.

For the Airport Management State Enterprise, it was found that factors on the executive board, management experience, the ability to create changes and, education profile affect the difference in the selection of personnel to an executive position with a statistical significance at a level of .05 while the interview data shows the recruitment committee which is a committee appointed by the board of the company has important roles in defining methods and criteria in the recruitment and selection of suitable candidates for submission to the board of director for approval. The skills and experiences that have the highest weight in the selection of personnel in the executive group consist of airport administration, airport development, aircraft, and aviation standards.

6.1.7 Strategies on Compensation Payment for Personnel in the Executive Group

The results of compensation payment strategy for personnel in the executive group analyzing the questionnaires and the interviews found that respondents from both state enterprises comment at a high level of compensation payment strategy for personnel in the executive group which is a market-leading and the difference in compensation payment form between executive personnel group and general personnel

is at a high level, incentive payment management can attract personnel in the executive group work at their full capacity is at an average level, and the compensation management system can attract personnel in the executive group to work in the organization for a long run is at the highest level. If each state enterprise is considered separately, it was found that personnel in the Energy State Enterprise comment at a high level of compensation payment strategy for personnel in the executive group which is a market-leading and the difference in compensation payment form between executive personnel group and general personnel is at a high level, incentive payment management can attract personnel in the executive group work at their full capacity is at an average level, and the compensation management system can attract personnel in the executive group to work in the organization for a long run is at the highest level. While the interview data shows compensation payment for personnel in the executive group of the organization has a compensation strategy like the market in the same industry. If compared with the company group within the Stock Exchange of Thailand, it was found the compensation payment is closed to the market as well (pay at the rate comparable to P50 level). The rate difference of compensation between personnel in the executive group and general personnel is at around 39:1 and the compensation strategic plan is only a component to attract personnel to work at their full capacity and stay with the organization in the long run. There are also other components such as empowering decision-making, granting the right to innovation patents the personnel invent, create job challenges, establishing career paths for personnel, etc.

For the Airport Management State Enterprise, it was found that personnel in the state enterprise comment at an average level of compensation payment strategy for personnel in the executive group which is a market-leading and the difference in compensation payment form between executive personnel group and general personnel is at an average level, incentive payment management can attract personnel in the executive group work at their full capacity is at an average level, and the compensation management system can attract personnel in the executive group to work in the organization for a long run is at the highest level. While the interview data shows that the organization has set the compensation strategy close to the market values by comparing position and comparing it with companies within the Stock Exchange of Thailand and has payments according to the market within the same industry. The compensation payment strategy

focuses on providing benefits to effective personnel and uses the incentive payment strategy to attract personnel to stay with the organization in the long run.

6.1.8 Incentive Pay Strategies for Personnel in the Executive Group

The study result of incentive pay strategies for personnel in the executive group by analyzing from the questionnaires and the interviews found that respondents from both state enterprise comment on the level of incentive pay strategies for the executive group to motivate them to achieve goals is the highest level. The incentive pay level for personnel in the executive group considered from the personal performance is at a high level, the performance at team and organization level is the highest level. The level of incentive pays for personnel in the executive group considered from state enterprise assessment is an average level.

If each state enterprise is considered separately, it was found that personnel in the Energy State Enterprise comment on the level of incentive pay strategies for the executive group to motivate them to achieve goals is the highest level. The incentive pay level for personnel in the executive group considered from personal performance, the team performance, and the organization's performance is at the highest level. The level of incentive pays for personnel in the executive group considered from state enterprise assessment is a high level. While the interview data shows that the organization plans the strategy for incentive pay so that they perform at full capacity through bonuses, oversea tourism, and other non-monetary awards. The Energy State Enterprise is classified into the group of the highest bonus pay for personnel. Considering incentive pay for personnel in the executive group focuses on considering organizational indicators that are closed to personal indicators. Some indicators are tied to the State Enterprise Performance Appraisal system, therefore, the score from the state enterprise assessment system is an indicator for incentive payment consideration of personnel in the executive group.

For the Airport Management State Enterprise, it was found that personnel in the state enterprise comment on the level of incentive pay strategies for the executive group to motivate them to achieve goals is the highest level. The incentive pay level for personnel in the executive group considered from the personal performance at a high level, the team performance and the organizational performance are at the highest

level. The level of incentive pays for personnel in the executive group considered from state enterprise assessment is a low level. While the interview data shows that the organization plan the strategy for incentive pay so that personnel can work to achieve the goals which are the main strategy for compensation payment through annual bonuses pay. The amount of the bonus payment will be determined based primarily on the indicators of financial performance. Every person will receive the same bonus. The Airport Management State Enterprise has considered the organization group of highest bonuses payment for personnel in Thailand for many years. For the use of state enterprise assessment system in the determination of incentive pay, the organization has not taken any assessment results or indicators from the assessment system into consideration.

6.1.9 Factors for Determining Compensation of Personnel in the Executive Group

The study results of factors in compensation determination for personnel in the executive group by analyzing from the questionnaires and the interviews found that respondents from both state enterprise comment on the level of base payment determination by considering from different personal characteristics, skills, the experience is at the highest level. The level of difference in compensation determination by considering from different human capital characteristic is at a high level and the factors of competition in the industry, compensation determination from players within the market, and the ability to create changes affect the different compensation determination for personnel in the executive group at a statistical significance of .05. If each state enterprise is considered separately, it was found that personnel in the Energy State Enterprise comment on the level of base payment determination by considering different personal characteristics, skills, the experience is at the highest level. The level of difference in compensation determination by considering from different human capital at a high level, and the factors on the ability to access resources, compensation determination from players within the market, management experience, and the ability to create changes affect the different compensation determination for personnel in the executive group at a statistical significance of .05. While the interview data shows that the compensation determination of personnel in the executive group is done through the

negotiation between the compensation committee of the organization. The compensation determination of each executive is different depending on the type of work, skills, different experience. It will be considered from "Skill Mix" criteria which consist of main skills such as Risk and Crisis Management, Economics and Finance, Management Skill & Corporate Governance, and specific skills such as Industry Knowledge, Organization Change & Development, International Market, etc.

For the Airport Management State Enterprise, it was found that personnel in the state enterprise comment on the level of base payment determination by considering from different personal characteristics, skills, the experience is at the highest level. The level of difference in compensation determination by considering from different human capital at an average level, and the factors on the executive board, management experience, and the ability to create changes affect the different compensation determination for personnel in the executive group at a statistical significance of .05. While the interview data shows that the compensation determination of personnel in the executive group is done through the negotiation between the compensation committee of the organization. The compensation determination of each executive is different depending on the type of work. If in the same working group, the compensation will not be much different. For different compensation determination of the executive, it will be considered from the type of work, group of work including skills or experience related to the airport management industry such as the airport management experience, the understanding of aviation standards, airport organizational network management, international market in the aviation business, etc.

6.1.10 Factors on Political Ties

Analysis of the questionnaires and the interviews found that respondents from both state enterprises comment on the requirement of personnel on political ties to create competitive advantages is at an average level. Personnel in the executive group need to have political ties as a factor in the executive recruitment is at an average level, experience in politic work or managing organizations related to political power is a factor on personnel selection to an executive position is at a low level, and experience in politic work or managing organizations related to political power is a factor leads to different compensation determination of personnel in the executive group is at an

average level. If each state enterprise is considered separately, it was found that personnel in the Energy State Enterprise comment on the requirement of personnel on political ties to create competitive advantages is at an average level. Personnel in the executive group need to have political ties as a factor in the executive recruitment at an average level, experience in politic work or managing organizations related to political power is a factor on personnel selection to an executive position is at a low level, and experience in politic work or managing organizations related to political power is a factor leads to different compensation determination of personnel in the executive group is at an average level. While the interview data shows that the Energy State Enterprise is regarded as a semi-government, semi-private organization. As a state enterprise, it must operate the business according to the government's policies. It is also necessary to involve many government agencies especially the Ministry of Energy as the original affiliation, the Ministry of Finance as a major shareholder, etc. When the company's board is considered, it was found that many users to be in a position or manage organization involving politics both in the past and the present. They used to benefit from issuing of government's policies as well.

For the Airport Management State Enterprise, it was found that personnel in the state enterprise comment on the requirement of personnel on political ties to create competitive advantages is at an average level. Personnel in the executive group need to have political ties as a factor in the executive recruitment is at an average level, experience in politic work or managing organizations related to political power is a factor on personnel selection to an executive position is at a high level, and experience in politic work or managing organizations related to political power is a factor leads to different compensation determination of personnel in the executive group is at an average level. Interview data shows that the Energy State Enterprise is considered a semi-government, semi-private organization. As a state enterprise, it must operate the business according to the government's policies. It is also necessary to involve many government agencies especially the Ministry of Transport as the original affiliation, the Ministry of Finance as a major shareholder, etc. Besides, the Airport Management State Enterprise is considered a state enterprise involving with government's policies especially policy on tourism promotion which tends to affect the increasing rate of airport users. The organization is granted to manage 5 airports with the highest number

of users in Thailand. However, if experience in managing organizations involving government agencies or politics both in the past and present, it was found that 10 out of 15 board members used to manage or be in such positions. However, if auction for the right to manage the area within airports, which must involve with many government's agencies either the original affiliation, shareholder, state enterprise board with the prime minister as the chairman, is considered, it was questioned on the overlapping of roles by positions in either the person who set the rules, the rule maker, the person who determines the process for obtaining the right to manage area within airports, etc.

6.2 Results Discussion

For the discussion on factors of compensation management for personnel in the executive group of Group A state enterprises in Thailand, the researcher divided the study into 4 topics consist of 1) the aspect of competition within the industry 2) the aspect of pressure from institutions 3) the aspect of compensation management strategy for personnel in the executive group 4) the aspect of political ties

6.2.1 The Aspect of Competition within the Industry

From the analysis results of qualitative data and the interviews from 20 people involved in the study, and the data analysis of questionnaires from 2 state enterprises, it was found that the data is quite consistent. However, when the overall picture of the 2 state enterprises is considered, it can be seen that the 2 state enterprises are state enterprises in concentrated industries or it can be said that they are the industries with a low number of players in the market. Entering the market for a new player is difficult including being excluded from the regulations of entering the market for a new player, obstacles to access resources (Porter, 1985), If each state enterprise is considered separately, it was found that the Energy State Enterprise has 2 types of businesses which are the business within the energy industry starting from procuring resources until the refinement process to produce products for commercial. At the moment, there are 41 players within the market with 5 major potential players in production and distribution (Department of Energy Business, Ministry of Energy, 2014). Therefore, if the aspect of overall competition of the energy business is analyzed, the competitiveness is average from

the factor of entering the market for a new player. However, if the business with the high competition is considered, the gas station business is at play. Currently, strategic planning for major players in the market focuses on the development of more efficient gas stations through the development of non-oil businesses.

For the Airport Management State Enterprise, if the questionnaires are considered, it was found that personnel comment on the level of competition within the industry at a low level. If the characteristics of the business are considered, it was found that the business is a monopoly as similar business characteristics around the world. Currently, Thailand has 50 commercial airports that are opened to the public. 6 of which managed by the Airport Management State Enterprise, 28 airports by the Department of Airports, and 3 airports by private companies. 5 out of 6 airports managed by the Airport Management State Enterprise are the 5 most-busiest airports in Thailand especially 2 airports which are considered as the main airports of Thailand, the Don Mueang International Airport, and Suvarnabhumi International Airport. If players within the market are considered, it was found that there are only 3 players in the market. When the 2 players' strategies and missions are considered, it was found that they are differences between the players. The first player within the market is the Department of Airports which is a government agency. Its missions are to support the development of infrastructure and support the aviation businesses and the safety and efficiency of airports. Its responsibilities are to study and analyze the necessity and feasibility in new airport construction and maintain proper operations of airports under its responsibility and abide by the law without focusing on management for commercial benefits including having the capability to manage airports efficiently due to the flexibility in regulations.

For the second player in the market, it is Bangkok Airways Public Company Limited which is a private company registered in the Stock Exchange. Currently, it operates 3 airports in Thailand. The business strategies of the company focus on creating revenue from the airline owned by the company (Bangkok Airway Airline) and building airports to be the hubs of its airline (Bangkok Airway Hub). When profit margin is considered, it was found that the profit proportion from airport management is only 2.1% of the total profit of the company. Therefore, when the above information is considered, the competition in the airport management industry in Thailand is low. However, the researcher agrees that the comparison of the competition level of the

airport management business should be done at the level of ASEAN region such as the Changi International Airport in Singapore, etc.

Although both state enterprises do not have a high level of competition in the industry and, as state enterprises in Group A, they have flexibility in management due to less strict rules and regulations enforcement, advantages in resource access and the administration of basic infrastructure in Thailand, but from the researcher opinion, these advantages do not matter for efficient organization management. For example, Thai Airways Public Company Limited used to be a state enterprise in the market with a few players and entering the industry for a new player requires huge investment money. Currently, Thai Airways is in the rehabilitation process due to mismanagement and continuation of profit loss. The main factor is from the more intense competition in the airline market and the birth of low-cost airlines. Another example is the State Railway of Thailand. It is a state enterprise that manages a basic infrastructure in Thailand. In the past, it was one of the top rail transportation service organizations in Asia. It is also in a monopoly industry group in Thailand. Currently, the State Railway of Thailand is in a rehabilitation period from an accumulated debt of 1,400 billion baht. It is also criticized for the quality of service, the quality of train bogie, the quality of personnel using rapid-development of railway technology, implementation of railway technology, coverage of route, or even inertia issue in the union which holds down organization changes. This is the opposite of the railway industry in many countries which have developed the rail system for efficiency and providing commercial services. Therefore, the factor on competition of the industry does not guarantee that if there is a low number of players within the industry or the industry is a monopoly, it will be able to create an effective performance for the organization.

6.2.2 The Aspect of Institutional Pressure

From the analysis results of the qualitative data and the interviews of 20 individuals involving the study, and the analysis of questionnaires from the 2 state enterprises regarding institutional pressure in which the researcher used the conceptual framework of the "New Institutional Theory" (Meyer & Rowan, 1977) as the explanatory framework. From the comparison of quantitative and qualitative data, it was found that the Energy State Enterprise has the consistency result of "Not quite consistent" while the Airport

Management State Enterprise has the consistency result of "Somewhat consistent". The explanation of institutional pressure is an explanation of organizations under external pressures through issuing rules, regulations, standards, requests for cooperation or practice custom that is necessary to comply with the mentioned guidelines to receive legitimacy and can survive in the long run or it can be called the "Environment as Institutional". Both state enterprises have similar organization characteristic which is 1) being a state enterprise, 2) being a state enterprise in Group A, 3) being a company in the Stock Exchange of Thailand. Therefore, these organizations are under the environment that pressure can be created through rules or regulations including supervised by the good governance of the Stock Exchange of Thailand, supervised by the State Enterprise Performance Appraisal of the State Enterprise Policy Office, and issued policies from the government.

For the Energy State Enterprise, it was found that personnel comment at an average level on the State Enterprise Performance Appraisal system can increase operational performance and elevate the state enterprise. The difference of the State Enterprise Performance Appraisal's goals and the organization's goals is at a high level and issuing policies from the government creates pressure in the operation to achieve the vision is at an average level. It can be said that institutional pressure impacts achieving of goals and elevating or efficiency in the operation of the organization at an average level. However, after analyzing the qualitative data, it was found that compliance with the good corporate governance principles of the Stock Exchange of Thailand is a mandatory rule all companies must comply with in order to build trust among investors in the market. For the implementation of the State Enterprise Performance Appraisal system, all state enterprises must accept the assessment system as a practice since they are in Group A state enterprise. The assessment results show that the Energy State Enterprise has a very good score since the first assessment because it emphasizes on management efficiency, capacity building for personnel as well as create an operation culture at the same level as leading private companies. Therefore, it is possible that personnel in the state enterprise see the implementation of the state enterprise assessment system, which is used to assess almost all state enterprises that have different goals or which compete for industry, on the organization does not increase efficiency or elevate the management level by much. Because the organization's operation already exceeds the standards of

the assessment system. From the perspective on how issuing policies from the government can create pressure on the operation to achieve goals of the organization, it was found that the policies of the government either benefit or do not benefit the organization in the past. For example, a policy for fixing the price of natural gas used in vehicles (NGV) and liquid petroleum gas (LPG) price control in 2007-2013. This resulted in the organization's need to invest in additional infrastructure for import to meet domestic demand and resulting in the loss of opportunity to sell gas at the market price. For the policy that is beneficial such as the first car policy which helps people who have never had a car with a discount of up to 100,000 baht which suddenly increase oil consumption or passing the Petroleum Act (No. 6) of 2007 which results in the reduction of petroleum royalty fees which help reduce the operation's cost.

For the Airport Management State Enterprise, it was found that personnel comment at a low level on the State Enterprise Performance Appraisal system can increase operational performance and elevate the state enterprise. The difference of the State Enterprise Performance Appraisal's goals and the organization's goals is at a high level and issuing policies from the government creates pressure in the operation to achieve the vision is at an average level. It can be said that institutional pressure impacts achieving goals is at an average level and implementing the state enterprise assessment system can elevate or efficiency in the operation of the organization at a low level. However, after analyzing the qualitative data, it was found that compliance with the good corporate governance principles of the Stock Exchange of Thailand is a mandatory rule all companies must comply with in order to build trust among investors in the market. For the implementation of the State Enterprise Performance Appraisal system, personnel in the state enterprise see that the assessment system has different goals compared to the business type of the organization. The Airport Management State Enterprise focuses on the aviation standards quality assessment system by international agencies which are compulsory standards assessment systems such as the international airport management standard by the International Civil Aviation Organization (ICAO). The important dimension of the ICAO is the safety standards in the airport which cover training arrangement, performance check. This standard will be adapted for the crew, passengers, operators in the area, and airport users. Therefore, international regulations can pressure the organization to follow more than institutions

at the domestic level. This is in accordance with quantitative data which has been analyzed personnel's perspective on how the state enterprise assessment system can elevate the organization's level at a low level and the difference of goals is at a high level. For the pressure from the government, it is found that the Airport Management State Enterprise has rules and regulations to comply with in many dimensions such as the rules and regulations on occupational health, laws or measurement related to safety, and the security of aviation transport, rules and regulations on the environment, requirements on work system certification, registration, related industrial standards, and financial rules and regulations, etc. For the rules and regulations, the organization has laid out the organizational structure to responsible for matters without affecting the operation to achieve the vision. For issuing policy from the government, it was found that the Airport Management State Enterprise has positively benefited from the issuing policies from the past to present especially tourism promoting policies which is the main income for Thailand. This increases the revenue from the organization's operation continuously.

For the important pressure of the state enterprises in the researcher's opinion, it is the pressure from the government in the form of shareholders. Both state enterprises are directly owned by the Ministry of Finance with 51.11% and 70% of share respectively. Therefore, creating pressure for both state enterprises to follow can be done through the executive board as a major shareholder as well. For compliance with the state enterprise assessment system, the state enterprises must comply with since they are in Group A state enterprise. The assessment is done annually. Being in Group A state enterprise helps relieve many rules and regulations enforced by the government especially rules on compensation determination. Group A state enterprises can determine their compensation structure and can determine the compensation from the organization's performance and the rate within the industry through the approval of the company board even though the goals of the assessment system and the goals of the state enterprises are different.

6.2.3 The Aspect of Compensation Management for Personnel in the Executive Group

From the analysis result of qualitative data and the interviews of 20 individuals related to the research and the analysis of questionnaire data from 2 state enterprises related to compensation determination strategy for personnel in the executive group by analyzing the determination of base payment and incentive payment for personnel in the executive group. From the comparison between quantitative data and qualitative data, it was found that the Energy State Enterprise has a consistent result of "Not quite consistent" while the Airport Management State Enterprise has a consistent result of "Somewhat consistent". From the quantitative analysis of the Energy State Enterprise, personnel in the state enterprise comment on the compensation strategic planning for personnel in the executive group as market-leading compensation strategy while from the qualitative data analysis found the personnel in the executive group has compensation determination at the same rate as the market when compared with the payment rate of companies in the same industry. Besides, when compared with companies in the Stock Exchange, the payment rate is like the market as well. However, in the researcher's opinion, the payment rate for personnel in organizations and personnel in the executive group within the energy industry group is higher than in other industries. Therefore, the payment rate is generally understood as a market-leading compensation rate. However, the rate of compensation for personnel in the executive group will be negotiated between the compensation determination committee and personnel in the executive group and the rate will be different. The difference compensation determination of personnel in the executive group will be considered from the "Skill Mix Target" which consists of base skills and specific skills. The difference in compensation payment for general personnel and personnel in the executive group is high (at 39:1 rate). This is in accordance with the "Tournament Theory" in which the high compensation rate different in each level will attract personnel to perform the work at full capacity to be promoted to a higher level because of a higher benefit. If the different compensation rate is low between personnel at each level, personnel will not be motivated to try to be promoted to a higher position (Lazear & Rosen, 1981). This data is "somewhat consistent" with the comparison analysis of quantitative and qualitative data. For the aspect of compensation strategic management planning that can attract personnel to

work at their full potential and can attract personnel to work in the long run, it was found that personnel in the state enterprises have opinion level at an average and the highest level respectively because the Energy State Enterprise uses various methods to motivate people to work at their full potential such as creating job and career challenges, creating career growth paths, allow to be a co-owner of any patent if the personnel can invent an innovation. Therefore, compensation strategic planning is only a factor to attract personnel to work at their full capacity. However, compensation strategic planning that focuses on preserve personnel to be with the organization in the long run through the welfare system, supporting retire fund, granting rights to own share in order to create stability for personnel, etc.

When considering incentive compensation strategies of the Energy State Enterprise, it was found to be "consistent" between quantitative data and qualitative data. Personnel has an opinion on the organization to implement incentive compensation payment to encourage personnel to achieve the goals at the highest level. For the incentive compensation payment of personnel in the executive group, it will be separated. For the executive from the middle level to the chairman and executive officer, the incentive compensation payment is done through bonuses using the same criteria as the State Enterprise Performance Appraisal. There are 6 categories of state enterprise's processes and system assessment together with performance on customer-based, performance on financial and marketing, performance on personnel based, performance on process efficiency, and performance on organization lead. The score from the assessment will be used to set a bonus rate for personnel in the executive group. For the incentive payment of personnel in the executive group on the board of the company, it was found that the payment will be done according to performance and bonuses. The payment of performance uses the number of times participating in meetings and bonuses use the company's net profit as an indicator. The payment rate is at 0.05% of annual net profit and a maximum of 3,000,000 baht per person per year for the board and the chairman receives 25% more than the board. For the analysis result of the different compensation determination factors of personnel in the executive group, it was found to be "consistent" between the quantitative data and qualitative data. The Energy State Enterprise is regarded as an organization with organizational management efficiency like a private company. Therefore, factors for different compensation

determination relate to management skills and the ability to compete in the rapid-changing business world such as management experience, the ability to create changes, risk management, and the understanding in the industry, etc. For compensation management strategic planning of the Energy State Enterprise, in the researcher opinion, it has the same level of compensation management strategies, or use the same factors for a compensation payment of personnel in the executive group, as leading private companies in Thailand by using base salary at the same market rate in the industry and the Stock Exchange of Thailand for compensation payment strategy. But when compared with the base salary of other industries and the cost of living, the payment rate is regarded as high for Thailand. The important payment strategy of the organization is to pay at a high level for incentive pay. The Energy State Enterprise is considered a group of organizations that pay the highest compensation in the form of bonuses in Thailand.

Quantitative data analysis of personnel in the Airport Management State Enterprise, show that they have an opinion at an average level on the compensation payment strategic planning for personnel in the executive group is a market-leading compensation payment. For the qualitative data analysis, it was found that the base salary for general personnel including personnel in the executive group has the same rate as the market compared to the payment rate in the same industry. It has the same payment rate when compared with the general payment rate in Thailand and has a market-following rate when compared with companies in the Stock Exchange of Thailand. For different compensation determination of personnel in the executive group, it will consider the characteristics of specific skills related to airport management industry such as experience on airport business management, the international understanding of aviation industry, the understanding of international standards for airport management. However, the difference between the compensation payment of general personnel and personnel in the executive group is not high due to promoting a higher position will be done with the hierarchy similar to the bureaucratic system in Thailand. For the aspect of a compensation management strategy to attract personnel to work at their full capacity and attract personnel to work in the long run, it was found that personnel of the state enterprise has an average and the highest opinion level respectively. Even though, in general, the base salary of personnel in the organization is closed to the rate

paid in industries of Thailand, but the compensation management strategy of the Airport Management State Enterprise focuses on incentive pay, providing effective welfare, retirement planning for personnel which is the strategies to attract personnel to work with the organization in the long run. For the analysis results of quantitative data, it was found that personnel in the state enterprise has a high satisfaction level in compensation management of the organization.

When considering the incentive payment strategies of the Airport Management State Enterprise, it was found to be "consistent" comparing quantitative data and qualitative data. Personnel has the opinion that the organization uses the incentive compensation model so that personnel can work to achieve the goals at the highest level. The incentive compensation payment strategy planning of the organization focuses on paying bonuses for personnel at the same rate throughout the organization whether they are general personnel or personnel in the executive group. The bonus rate of the Airport Management State Enterprise is considered a hallmark for many years. The bonus payment rate is as high as 11 times the salary of personnel if they can achieve the highest indicators of the organization (the Airport Management State Enterprise used to pay bonuses to personnel in the organization at the rate of 11 times salary in 2012). The indicators used in the consideration for bonus payments of personnel in both executive and general group are adapted from the organization strategic operations such as developing a short-term congestion correction plan for congested airports, the growth rate of revenue related to aviation increased by 12% congestion, the growth rate of revenue related to aviation increased by 12%, the increase of Assessment of Service Quality (ASQ) scores, the increase of inbound passengers, create a concrete airport development guideline for 6 airports, etc. For the board of directors of the company, there are more ways to receive incentive pay, e.g. Compensation for attending a meeting which is 10,000 baht for each meeting and bonus from dividends. This reflects the profits from the business operation and the profit will be distributed to shareholders. The organization pays a bonus not more than 0.50% of the dividends considering from the term of the board of directors as the payment rate and not more than 1,500,000 per person per year. The chairman and vice-chairman receive 25% and 12.5% more than other board members respectively. The analysis results of the different compensation determination factors of personnel in the executive group

found to be "consistent" comparing between quantitative and qualitative data. For the interesting factors on different compensation determination of personnel in the executive group, it was the factor on the executive board. The different compensation determination of personnel in the executive group depends on the negotiation with the compensation determination committee and it will be classified. The additional factors are the factor in management experience, creating changes, and the knowledge related to the aviation industry and aviation standards. In the research opinion, the strategic planning of the Airport Management State Enterprise focuses on paying the base salary at the same rate as general industries in Thailand. But focusing on compensation payment strategy planning in the form of bonuses and welfare in order to attract personnel to work at full potential and stay with the organization in the long run. However, the bonus payment rate and the indicator criteria focus on the increase of monetary from the business operation. The fierce competition in the industry is considered low. The growth of the tourism industry in Thailand, support of the government on tourism policies, receiving the right to manage potential airports in generating profits from the density of users affect the bonus payment rate for personnel within the organization at a high level for a long time.

6.2.4 The Factors on Political Ties

From the analysis result of qualitative data and the interview of 20 individuals related to the study and the data analysis from the questionnaires of both state enterprises on the political tie factors under the power conversion perspective (Walder, 2003) which consider the qualification on politics, social status, or the qualification of the executive in accessing the elite or the power of state official involving the organization to create advantages for the personnel in the executive group. The reason that the researcher used political factors as an analysis factor because of the analysis of an organization from a resource perspective considers the ability of the executives in accessing resources which will create certainty for the organization and considering the qualification of the executive as a factor in compensation determination which also requires to consider the type of the organization as well. For organizations that use market mechanism for the competition will give less importance to the politic qualification of the executive due to the ability to access resources is to increase the

competitive ability and using market mechanisms which do not need to access the power of the state to acquire resources (Nee & Opper, 2010). While organizations under the power perspective must consider the political qualification of the executive because executives who are able to connect with the power of the elite group will be able to access resources that can create certainty for the organization. In addition, executives with political ability tend to know how to influence the government's policies to create advantages for their organization (Broadsgaard, 2012) and state enterprises are organizations involving political power. The results from the comparison between quantitative and qualitative data were found to be "inconsistent". The results from the analysis of quantitative data found that personnel in the Energy State Enterprise have an opinion on the level of the necessity of personnel in the executive group to have political ties that create competitive advantages at an average level. While the qualitative analysis result shows organizations in the form of state enterprise can benefit from being semi-government and semi-private. For the role of semi-government organization, it can loan money from various sources with the Ministry of Finance as the guarantor and when a dispute occurs and being prosecuted in court, the Office of The Attorney General will prepare the defense, when there are legal issues, the Office of the Council of State will be a consultant, etc. Moreover, from the nature of the organization, top executives of the organization can be a part of committees in government agencies that have an important role in determining energy-related policies in Thailand such as the committee on fuel control, the Energy Policy and Planning Committee, etc. If the data on the role of 15 company's board members in government sectors or used to be a senior executive in government organizations is analyzed, it was found that 8 of them used to be in positions of government agencies in the past and at the present. From the analysis of quantitative and qualitative data above, it can be seen as "inconsistent". For the opinion related to the level of political ties as an important factor in the selection of personnel to an executive position, it is found to be at an average level or it can be said that personnel in the state enterprises have an opinion that political factor does not affect the different level of the selection of personnel in an executive position. From the qualitative data analysis, it was found that, in general, the selection of personnel to an executive position is the selection of personnel within the organization both at a middle executive level and the top executive.

Political factors are not particularly important. The selection of executives emphasizes the factors on management experience and the ability to create changes. Because the management of the Energy State Enterprise must be done at a similar level of international private companies. Therefore, the factors on political ties or management political-involved organization are not the most important in the selection of personnel to an executive position at the middle or top-level as well as different compensation management.

For the Airport Management State Enterprise by comparing the quantitative data and qualitative data, it was found to be "not consistent". Personnel in the Energy State Enterprise have an opinion level on the necessary to have political ties of the state enterprise to create competitive advantages at an average level while the analysis of qualitative data shows an organization as a state enterprise can benefit from a semi-government, semi-private as well. There are 2 important aspects of creating advantages from the policies of the government, the first aspect is the benefit from issuing tourism policies which affect the number of airport users, and the second aspect is the acquisition of resources or the acquisition of the airports which there are 6 airports transferred from the Department of Airport and other 4 airports will be transferred in the future. This is the main difference from a private sector that wants to entirely invest in the basic infrastructure and the management system. For the opinion on the level of political ties as an important factor in the selection of personnel to an executive position, it was found to be at an average level. From the analysis of qualitative data, it was found that the selection of personnel to an executive position, in general, is the selection of personnel in the organization both to the position at the middle and top executives. The political factors are not particularly important due to the airport management business is a business that requires specific experience and skill in the administration. Besides, there are only a few businesses related to airport management in Thailand. When the data on the roles in the government sector or used to be executive in government agencies of the 10 company's board of directors by analyzing quantitative and qualitative data, it can be seen as "not consistent". For the opinion on whether political ties or used to manage organization involving politic which affects the difference of compensation determination of personnel in the executive group, personnel have an opinion at an average level. From the qualitative data analysis, it was found that base and incentive compensation determination of the organization can be different depending

on the field of work. The study of political factors in the Airport Management State Enterprise, in the researcher's opinion on political matters, the interests between the state enterprise and private sectors who manage the area within airports in various forms, should be studied. Because, from the consideration of the private sector who administer the area, they involve various government agencies such as the affiliation ministry, the major shareholder ministry, the joint venture committee between the public and private sectors with the Prime Minister as the chairman. Because the state enterprise is an organization within a monopoly industry and the growth rate of revenue and users is continuously increasing. Therefore, the researcher considers that the study of political factors and interests within the airport is an interesting issue.

In terms of the political factors of both state enterprises, the researcher believes that the collection of data tends to be highly inconsistent between quantitative data collection, interview data, and data from document analysis. Because, in general, organizations tend to believe that they use effective management guideline to elevate the organization without the need to use political factors as a competitive advantage. However, in the researcher's opinion, political ties can create competitive advantages as well if the organization is a semi-government, semi-private which involves the state power in issuing policies (Peng et al., 2015). For the political factors, it is more likely to affect the selection of personnel to an executive position more than different compensation determination. In general, each state enterprise usually selects personnel using political factors to be promoted to the board of the company more than promoting to an executive position at the middle and top level of the organization.

6.3 Recommendations

For recommendations, they can be categorized into policy recommendations and research recommendations as follows.

6.3.1 Policy Recommendations

From the literature review that leads to the interviews and the use of statistics to test the factors in compensation determination for personnel in the executive group, the researcher has the following recommendations

1) State enterprises in Thailand are considered organizations with important roles in driving Thailand in accordance with the "Thailand 4.0" policy. The current management differences between state enterprises are considered different between state enterprises in the group and inter-group state enterprises. Effective compensation management for personnel in the executive group is regarded as an important factor in motivating personnel in the executive group to perform at their full capability and drive the organization to achieve its goals. The compensation determination for personnel in the executive group should be set differently by considering from the human capital characteristics of the executive and the characteristic differences of organizations, Therefore, the study on factors in compensation determination for personnel in the executive group is important as a clear indicator in compensation determination for the executives and leads to the efficient selection, recruitment, and development of personnel in the executive group according to the concept of "Competency Model".

2) The indicators of the assessment system of the government should be adjusted to be consistent and create efficiency within 55 state enterprises participating in the assessment. It should also be pointed out the necessity to personnel within state enterprises and the result of getting a high score from the mentioned assessment system.

6.3.2 Future Research Recommendations

1) Conducting research on the factors for compensation determination of state enterprises can be carried out with quantitative research by increasing the number of organization and the industry groups interested by the researcher in order to find factors in different compensation determination for personnel in the executive group to point out the characteristics of executives each industry needs.

2) Use political factor as a factor for the selection or different compensation determination of personnel in the executive group will be able to be clearly compared if state enterprises under the study are at different levels which tend to use political factor as a variable in the selection or different compensation determination for personnel in the executive group. Therefore, future research can conduct studies on the political factors of state enterprise in Group B and C for a clearer comparison.

3) Conducting research on compensation management can include perspectives related to the "Agency Theory" as an analysis framework which will

provide a view of whether compensation determination for personnel in the executive group as representative of the operation of the board company. In principle, the board company of a state enterprise will focus on the check and balance between the efficient operations and the most benefit to the organization.

6.4 Research Limitations

1) Collection data on the factors related to politics is difficult because in an organization that uses political factors as factors in the selection of personnel or compensation determination of personnel in the executive group often unable to provide honest information. Therefore, from this research, it can be seen from the results as "not consistent" between the comparison of quantitative data which the samples which come from within the organization and the qualitative data which collected from personnel within the state enterprise, from related agencies who supervise both state enterprises, and from the document analysis.

2) Information regarding compensation management for personnel in the executive group is considered confidential for many organizations, therefore, accessing the information is difficult and disclosure of the information must be done carefully and must be firstly approved by the organization that owns the information.

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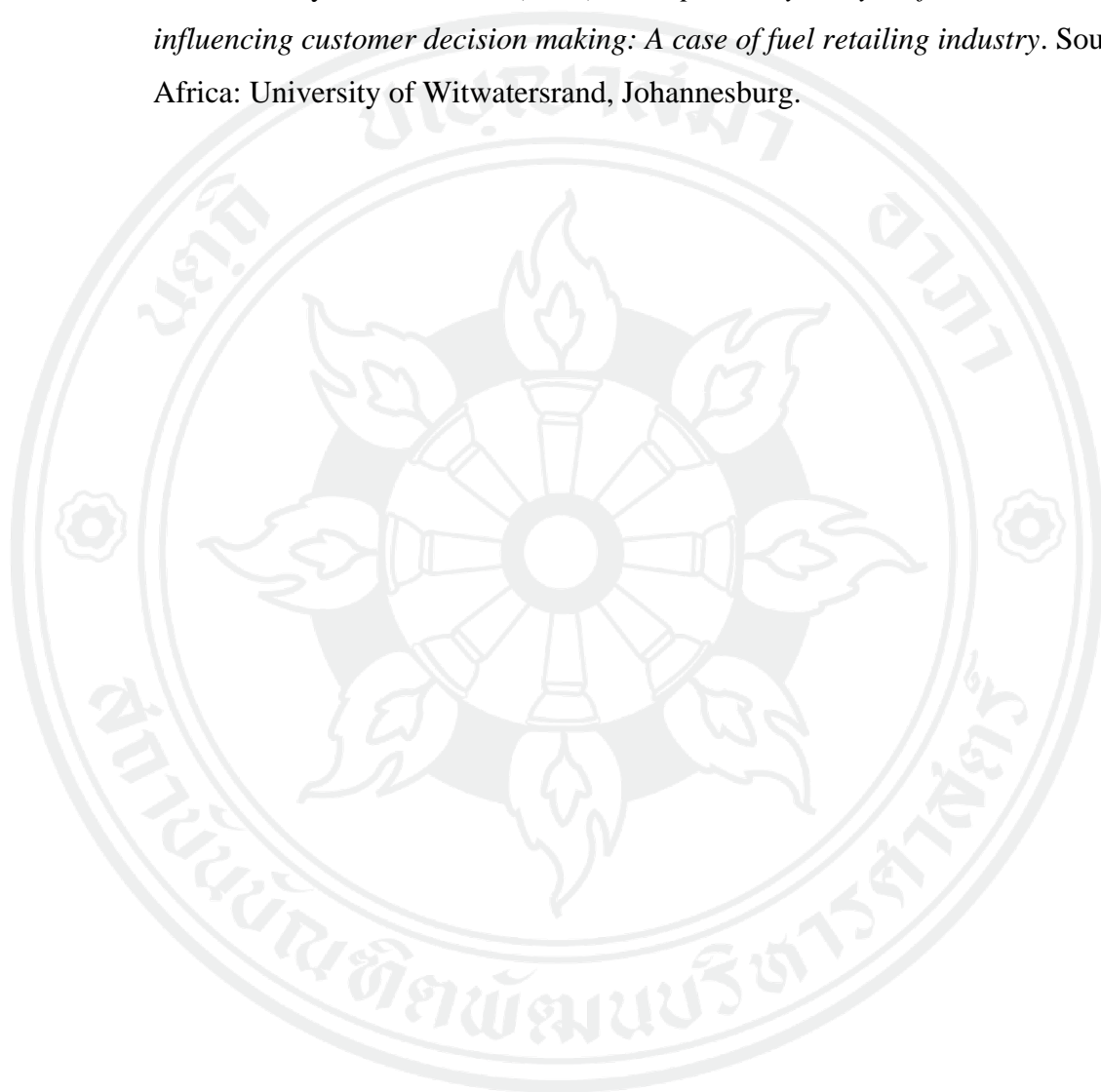
Appendix

Appendix A
Research Questionnaire

แบบสอบถามการวิจัย

เรื่อง ปัจจัยในการกำหนดค่าตอบแทนของผู้บริหารของรัฐวิสาหกิจในประเทศไทย

(Compensation Management in Executive Group of Thailand SOE's)

ผู้วิจัย	นาย กรกฤต สาครเสถียร นักศึกษาหลักสูตรรัฐประศาสนศาสตร์ดุษฎีบัณฑิต
	(การจัดการทรัพยากรมนุษย์) คณะรัฐประศาสนศาสตร์
	สถาบันบัณฑิตพัฒนบริหารศาสตร์
อาจารย์ที่ปรึกษา	รศ.ดร.จินดาลักษณ์ วัฒนสินธุ์ อาจารย์ประจำคณะรัฐประศาสนศาสตร์
	สถาบันบัณฑิตพัฒนบริหารศาสตร์ เลขที่ 118 หมู่ที่ 3 ถนนเสรีไทย
	แขวงคลองจั่น เขตบางกะปิ กรุงเทพฯ 10240
วัตถุประสงค์การวิจัย	เพื่อศึกษาปัจจัยในการกำหนดค่าตอบแทนแก่กลุ่มผู้บริหารในรัฐวิสาหกิจ
	กลุ่ม A รายละเอียดแบบสอบถาม

แบบสอบถามการวิจัยชุดนี้ ประกอบด้วย 3 ส่วน ดังนี้

    ส่วนที่ 1 ข้อมูลพื้นฐานของผู้ตอบแบบสอบถาม

    ส่วนที่ 2 ความคิดเห็นเกี่ยวกับปัจจัยในการกำหนดค่าตอบแทนให้แก่กลุ่มผู้บริหาร

    ส่วนที่ 3 ข้อเสนอแนะเกี่ยวกับปัจจัยในการกำหนดค่าตอบแทนสำหรับ กลุ่มผู้บริหาร

คำชี้แจงในการตอบแบบสอบถาม

      ผู้ศึกษาขอความอนุเคราะห์จากท่านในการตอบแบบสอบถามการวิจัยที่แนบมาพร้อมกับเอกสารฉบับนี้ให้ครบทุกข้อและตรงกับความเป็นจริงมากที่สุด โดยข้อมูลรายละเอียดของแบบสอบถามจะถือเป็นความลับและการนำเสนอจะทำการประมวลในภาพรวม จะไม่มีการนำเสนอข้อมูลเป็นรายบุคคล ทั้งนี้ความคิดเห็นของท่านจะทำให้ทราบถึงปัจจัยในการกำหนดค่าตอบแทนแก่กลุ่มผู้บริหารของรัฐวิสาหกิจ กลุ่ม A ประเทศไทย และได้ข้อเสนอแนะในการปรับปรุง แก้ไข และนำไปใช้ประโยชน์ในงานวิจัยอื่น ๆ ซึ่งผลจากการทำวิจัยในครั้งนี้ถือเป็นสารสนเทศทางวิชาการซึ่งจะเป็นประโยชน์การนำไปประยุกต์ใช้ต่อไป

      หากท่านมีข้อสงสัยสามารถสอบถามข้อมูลเกี่ยวกับงานวิจัยได้ โดยติดต่อ นายกรกฤต สาครเสถียร โทร 08-1936-8941 E-mail: gornkrit.s@gmail.com

นิยามเชิงปฏิบัติการ

    กลุ่มผู้บริหาร

    หมายถึง บุคลากรของรัฐวิสาหกิจ ระดับ 7 หมายถึง พนักงานรัฐวิสาหกิจซึ่งดำรงตำแหน่ง
ผู้อำนวยการกอง (หัวหน้ากอง) และผู้ช่วยผู้อำนวยการกอง

    ระดับ 8 หมายถึง พนักงานรัฐวิสาหกิจซึ่งดำรงตำแหน่งผู้อำนวยการฝ่าย และผู้ช่วยผู้อำนวยการ
ฝ่าย

    ระดับ 9 หมายถึง พนักงานรัฐวิสาหกิจซึ่งดำรงตำแหน่งรองผู้ว่าการ และผู้ช่วยผู้ว่าการ
รัฐวิสาหกิจ

    ระดับ 10 หมายถึง พนักงานรัฐวิสาหกิจซึ่งดำรงตำแหน่งผู้ว่าการ ผู้อำนวยการ และผู้จัดการ

    คณะกรรมการ หมายถึง ประธานกรรมการและคณะกรรมการของรัฐวิสาหกิจ

    การบริหารค่าตอบแทน หมายถึง ช่วงของค่าตอบแทนหลัก (Base Salary) ของกลุ่มผู้บริหาร
และรูปแบบในการจ่ายค่าตอบแทนแบบจูงใจ (Incentive Pay) ซึ่งจ่ายตามผลการปฏิบัติงานที่แตกต่างกัน
สำหรับกลุ่มผู้บริหาร

    ปัจจัยทางด้านทุนมนุษย์ของผู้บริหาร หมายถึง คุณลักษณะของผู้บริหารที่แตกต่างกันของ
กลุ่มผู้บริหารภายใต้แนวคิดทุนมนุษย์ซึ่งนำไปสู่การบริหารองค์การที่แตกต่างกัน ประกอบด้วย
ความสัมพันธ์ทางด้านการเมือง การเปลี่ยนแปลงความเป็นสถาบันในองค์การ การบริหารความเสี่ยง
การจัดการทรัพยากร ประสบการณ์ทางการบริหาร

    ความสัมพันธ์ทางด้านการเมือง หมายถึง ประสบการณ์ของกลุ่มผู้บริหารที่มีเกี่ยวข้องกับการ
ทำงานหรือความสัมพันธ์ทางด้านการเมืองของกลุ่มผู้บริหาร

    ความสามารถในการเข้าถึงทรัพยากร หมายถึง วิธีการในการเข้าถึงทรัพยากรที่เป็นทรัพยากร
สำคัญ อันนำไปสู่การสร้างความได้เปรียบในการแข่งขันขององค์การ

    แรงเฉื่อย หมายถึง แรงต้านจากบุคลากรภายในองค์กรซึ่งส่งผลให้การเปลี่ยนแปลงทำได้ช้าลง

    ประสบการณ์ทางการบริหาร หมายถึง ประสบการณ์การบริหารงานที่ผ่านมาของกลุ่มผู้บริหาร

ส่วนที่ 1 ข้อมูลพื้นฐานของผู้ตอบแบบสอบถาม

โปรดทำเครื่องหมาย ✔ ลงในช่อง ☐ หรือเติมคำในช่องว่างให้ตรงกับความเป็นจริงมากที่สุด

1. เพศ ☐ ชาย ☐ หญิง

2. ช่วงอายุ ☐ น้อยกว่า 30 ปี ☐ 30-39 ปี ☐ 40-49 ปี ☐ 50 ปีขึ้นไป

3. ระดับการศึกษาสูงสุด ☐ ต่ำกว่าปริญญาตรี ☐ ปริญญาตรี
☐ ปริญญาโท ☐ ปริญญาเอก

4. หน่วยงานที่สังกัด ....

5. ระดับ ☐ ระดับ 4 ☐ ระดับ 5 ☐ ระดับ 6 ☐ ระดับ 7
☐ ระดับ 8 ☐ ระดับ 9 ☐ ระดับ 10

6. ตำแหน่ง ....

7. อายุงาน ☐ ไม่เกิน 5 ปี ☐ 6 – 10 ปี ☐ 11- 15 ปี
☐ 16 – 20 ปี ☐ 21 – 25 ปี ☐ มากกว่า 25 ปี

8. ระดับเงินเดือนของท่าน

ต่ำกว่า 50,000 บาท	120,000-130,000 บาท	200,000-210,000 บาท	280,000-290,000 บาท
50,000-60,000 บาท	130,000-140,000 บาท	210,000-220,000 บาท	290,000-300,000 บาท
60,000-70,000 บาท	140,000-150,000 บาท	220,000-230,000 บาท	300,000-320,000 บาท
70,000-80,000 บาท	150,000-160,000 บาท	230,000-240,000 บาท	320,000-340,000 บาท
80,000-90,000 บาท	160,000-170,000 บาท	240,000-250,000 บาท	340,000-360,000 บาท
90,000-100,000 บาท	170,000-180,000 บาท	250,000-260,000 บาท	360,000-380,000 บาท
100,000-110,000 บาท	180,000-190,000 บาท	260,000-270,000 บาท	380,000-400,000 บาท
110,000-120,000 บาท	190,000-200,000 บาท	270,000-280,000 บาท	มากกว่า 400,000 บาท

9. ท่านได้รับค่าตอบแทนแบบจูงใจ

☐ ตามผลการปฏิบัติงานในระดับบุคคล ☐ ตามผลการปฏิบัติงานของทีม
☐ ตามผลการปฏิบัติงานขององค์กร

ส่วนที่ 2 ความคิดเห็นเกี่ยวกับการกำหนดค่าตอบแทนสำหรับกลุ่มผู้บริหารของรัฐวิสาหกิจ กลุ่ม A ในประเทศไทย

2.1 ความคิดเห็นเกี่ยวกับสภาพแวดล้อมทางการแข่งขันขององค์การ

โปรดทำเครื่องหมาย✔ ลงในช่องที่ตรงกับความคิดเห็นของท่านที่สุด

ข้อความ	ระดับความคิดเห็น				
	มากที่สุด	มาก	ปานกลาง	น้อย	น้อยที่สุด
1. ท่านคิดว่ารัฐวิสาหกิจของท่านมีระดับการของแข่งขันภายในอุตสาหกรรมอยู่ในระดับใด					
2. ท่านคิดว่านโยบายของรัฐบาลสร้างแรงกดดันในการดำเนินงานให้บรรลุ วิสัยทัศน์ พันธะกิจ และเป้าหมายของรัฐวิสาหกิจของท่านอยู่ในระดับใด					
3. การดำเนินงานตามกรอบการประเมินคุณภาพรัฐวิสาหกิจ (SEPA) ส่งผลให้การดำเนินงานของรัฐวิสาหกิจท่านมีประสิทธิภาพมากขึ้นในระดับใด					
4. การดำเนินงานตามกรอบการประเมินคุณภาพรัฐวิสาหกิจ (SEPA) สามารถยกระดับรัฐวิสาหกิจของท่านได้ในระดับใด					
5. การดำเนินงานตามเป้าหมายของกรอบการประเมินคุณภาพรัฐวิสาหกิจ (SEPA) กับการดำเนินงานตามเป้าหมายของรัฐวิสาหกิจท่าน มีความแตกต่างกันในระดับใด					
6. ท่านคิดว่าคู่แข่งภายในอุตสาหกรรมเดียวกันสร้างแรงกดดันเพื่อให้รัฐวิสาหกิจของท่านต้องปรับตัวอยู่ในระดับใด					
7. ท่านคิดว่ารัฐวิสาหกิจของท่านจำเป็นต้องมีความสัมพันธ์ทางการเมืองเพื่อสร้างความได้เปรียบในการแข่งขันอยู่ในระดับใด					
8. รัฐวิสาหกิจของท่านมีแนวโน้มที่จะต้องอาศัยการออกนโยบายจากรัฐบาลเพื่อการบรรลุวิสัยทัศน์ พันธะกิจ และเป้าหมาย ในระดับใด					

ข้อความ	ระดับความคิดเห็น				
	มาก ที่สุด	มาก	ปาน กลาง	น้อย	น้อย ที่สุด
9. บุคลากรภายในรัฐวิสาหกิจของท่านมีการเตรียมพร้อม ต่อการเปลี่ยนแปลงในระดับใด					
10. ท่านคิดว่าโครงสร้างบุคลากรในรัฐวิสาหกิจของท่าน สามารถพร้อมรับต่อความเปลี่ยนแปลงได้ในระดับใด					
11. หากรัฐวิสาหกิจของท่านจำเป็นจะต้องยกระดับโดย ต้องมีการเปลี่ยนแปลงอย่างรุนแรง (Radical Change) เช่น ส่งผลต่อวิธีการทำงานที่เปลี่ยนแปลงไป การพัฒนา สมรรถนะใหม่ ๆ ของบุคลากร หรือวิธีการประเมินผล บุคลากร ท่านคิดว่าจะมีแรงต้านต่อการเปลี่ยนแปลงจาก บุคลากร หรือสหภาพแรงงานฯ ในระดับใด					

2.2 ความคิดเห็นเกี่ยวกับปัจจัยในการคัดเลือกผู้บริหาร

โปรดทำเครื่องหมาย ✓ ลงในช่องที่ตรงกับความคิดเห็นของท่านที่สุด

ข้อความ	ระดับความคิดเห็น				
	มาก ที่สุด	มาก	ปาน กลาง	น้อย	น้อย ที่สุด
1. การขึ้นสู่ตำแหน่งในระดับบริหาร (ระดับ 7 - 8) จะ มุ่งเน้นไปที่การคัดเลือกบุคลากรจากภายใน					
2. การขึ้นสู่ตำแหน่งในระดับบริหาร (ระดับ 9 - 10) จะมุ่งเน้นไปที่การคัดเลือกบุคลากรจากภายใน					
3. ความสามารถในการเข้าถึงทรัพยากรสำคัญเพื่อ สร้างความยั่งยืนให้กับรัฐวิสาหกิจของท่าน คือปัจจัยที่ สำคัญในการคัดเลือกบุคลากรในกลุ่มบริหารของ รัฐวิสาหกิจของท่าน					
4. ประสบการณ์ทางด้านการบริหาร คือปัจจัยที่สำคัญ ในการคัดเลือกบุคลากรในกลุ่มบริหารของรัฐวิสาหกิจ ของท่าน					

ข้อความ	ระดับความคิดเห็น				
	มาก ที่สุด	มาก	ปาน กลาง	น้อย	น้อย ที่สุด
5. ความสัมพันธ์ทางด้านการเมือง คือปัจจัยที่สำคัญใน การคัดเลือกบุคลากรในกลุ่มบริหารของรัฐวิสาหกิจของ ท่าน					
6. ประสบการณ์การทำงานด้านการเมือง การบริหาร องค์การที่มีความเกี่ยวข้องกับอำนาจทางการเมืองใน ระดับสูง คือปัจจัยที่สำคัญในการคัดเลือกบุคลากรใน กลุ่มบริหารของรัฐวิสาหกิจของท่าน					
7. ความสามารถในการบริหารความเสี่ยง คือปัจจัยที่ สำคัญในการคัดเลือกบุคลากรในกลุ่มบริหารของ รัฐวิสาหกิจของท่าน					
8. การสร้างความเปลี่ยนแปลงให้เกิดขึ้นในองค์การ คือปัจจัยที่สำคัญในการคัดเลือกบุคลากรในกลุ่มบริหาร ของรัฐวิสาหกิจของท่าน					
9. ประวัติทางการศึกษา คือปัจจัยที่สำคัญในการ คัดเลือกบุคลากรในกลุ่มบริหารของรัฐวิสาหกิจของท่าน					
10. ความมีชื่อเสียงของผู้บริหารภายในอุตสาหกรรม คือปัจจัยที่สำคัญในการคัดเลือกบุคลากรในกลุ่มบริหาร ของรัฐวิสาหกิจของท่าน					
11. การมีเครือข่ายในภาคธุรกิจอันนำไปสู่การสร้าง ความได้เปรียบในการแข่งขันภายในอุตสาหกรรม คือ ปัจจัยที่สำคัญในการคัดเลือกบุคลากรในกลุ่มบริหาร ของรัฐวิสาหกิจของท่าน					

2.3 ความคิดเห็นเกี่ยวกับการบริหารค่าตอบแทนสำหรับกลุ่มผู้บริหาร

โปรดทำเครื่องหมาย ✔ ลงในช่องที่ตรงกับความคิดเห็นของท่านที่สุด

ข้อความ	ระดับความคิดเห็น				
	มากที่สุด	มาก	ปานกลาง	น้อย	น้อยที่สุด
1. การบริหารค่าตอบแทนสำหรับกลุ่มผู้บริหาร สำหรับรัฐวิสาหกิจของของท่าน มีกลยุทธ์ในการจ่ายแบบนำตลาด					
2. การบริหารค่าตอบแทนระหว่างกลุ่มผู้บริหารและบุคลากรทั่วไปมีความแตกต่างกัน					
3. ระบบการบริหารค่าตอบแทนของรัฐวิสาหกิจท่านคือปัจจัยหลักในการดึงดูดบุคลากรในกลุ่มบริหารให้ปฏิบัติงานอย่างเต็มความสามารถ					
4. ระบบการบริหารค่าตอบแทนของรัฐวิสาหกิจท่านสามารถดึงดูดให้กลุ่มผู้บริหารปฏิบัติงานภายในองค์การได้ในระยะยาว					
5. การตั้งค่าตอบแทนหลัก (Base Salary) สำหรับกลุ่มผู้บริหาร พิจารณาจากคุณลักษณะ ทักษะ ประสบการณ์ที่แตกต่างกัน					
6. แม้บุคลากรในกลุ่มผู้บริหารจะอยู่ระดับเท่ากันค่าตอบแทนหลัก (Base Salary) มีความแตกต่างกัน โดยพิจารณาจากคุณลักษณะทางทุนมนุษย์ (Human Capital) ที่แตกต่างกัน					
7. ท่านใช้ผลจากการประเมินตามกรอบการประเมินคุณภาพรัฐวิสาหกิจ (SEPA) เป็นปัจจัยในการจ่ายค่าตอบแทนแบบจูงใจ (Incentive Pay) และการขึ้นเงินเดือน สำหรับกลุ่มผู้บริหาร					
8. ท่านวางกลยุทธ์โดยการตั้งค่าตอบแทนหลัก (Base Salary) แบบนำตลาดแก่กลุ่มผู้บริหารเพื่อจูงใจในการปฏิบัติงานให้บรรลุเป้าหมาย					

ข้อความ	ระดับความคิดเห็น				
	มากที่สุด	มาก	ปานกลาง	น้อย	น้อยที่สุด
9. ท่านวางกลยุทธ์โดยการใช้การจ่ายค่าตอบแทนแบบจูงใจ (Incentive Pay) แก่กลุ่มผู้บริหารเพื่อจูงใจในการปฏิบัติงานให้บรรลุเป้าหมาย					
10. ท่านมีความพึงพอใจต่อการบริหารค่าตอบแทนของรัฐวิสาหกิจของท่าน					
11. การจ่ายค่าตอบแทนแบบจูงใจ (Incentive Pay) สำหรับกลุ่มผู้บริหารพิจารณาจากผลการปฏิบัติงานส่วนบุคคล					
12. การจ่ายค่าตอบแทนแบบจูงใจ (Incentive Pay) สำหรับกลุ่มผู้บริหารพิจารณาจากผลการปฏิบัติงานในระดับทีม					
13. การจ่ายค่าตอบแทนแบบจูงใจ (Incentive Pay) สำหรับกลุ่มผู้บริหารพิจารณาจากผลการปฏิบัติงานในระดับองค์การ					
14. สหภาพแรงงานมีอิทธิพลต่อการกำหนดค่าตอบแทนสำหรับกลุ่มผู้บริหารในระดับใด					
15. บอร์ดบริหารมีอิทธิพลต่อการกำหนดค่าตอบแทนสำหรับกลุ่มผู้บริหารในระดับใด					
16. การจ่ายค่าตอบแทนของผู้เล่นในตลาดซึ่งอยู่ในอุตสาหกรรมเดียวกันมีอิทธิพลต่อการกำหนดค่าตอบแทนสำหรับกลุ่มผู้บริหารในระดับใด					
17. ความสามารถในการเข้าถึงทรัพยากรสำคัญเพื่อสร้างความยั่งยืนให้กับรัฐวิสาหกิจ คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					
18. ประสบการณ์ทางด้านการบริหาร คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					
19. ประสบการณ์การทำงานด้านการเมือง การบริหารองค์การที่มีความเกี่ยวข้องกับอำนาจทางการเมืองในระดับสูง คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					

ข้อความ	ระดับความคิดเห็น				
	มากที่สุด	มาก	ปานกลาง	น้อย	น้อยที่สุด
20. ความสามารถในการบริหารความเสี่ยง คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					
21. การสร้างความเปลี่ยนแปลงให้เกิดขึ้นในองค์การ คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					
22. ประวัติทางการศึกษา คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					
23. ความมีชื่อเสียงภายในอุตสาหกรรม คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					
24. การมีเครือข่ายในภาคธุรกิจอันนำไปสู่การสร้างความได้เปรียบในการแข่งขันภายในอุตสาหกรรม คือปัจจัยสำคัญที่นำไปสู่การกำหนดค่าตอบแทนที่แตกต่างกันของผู้บริหาร					

**ส่วนที่ 3 ข้อเสนอแนะเกี่ยวกับการบริหารค่าตอบแทนสำหรับกลุ่มผู้บริหารของรัฐวิสาหกิจใน
ประเทศไทย**

โปรดให้ความเห็นเพิ่มเติมในประเด็นที่ท่านเห็นว่าเป็นประโยชน์ต่อระบบการบริหาร
ค่าตอบแทนสำหรับกลุ่มผู้บริหารของรัฐวิสาหกิจในประเทศไทย
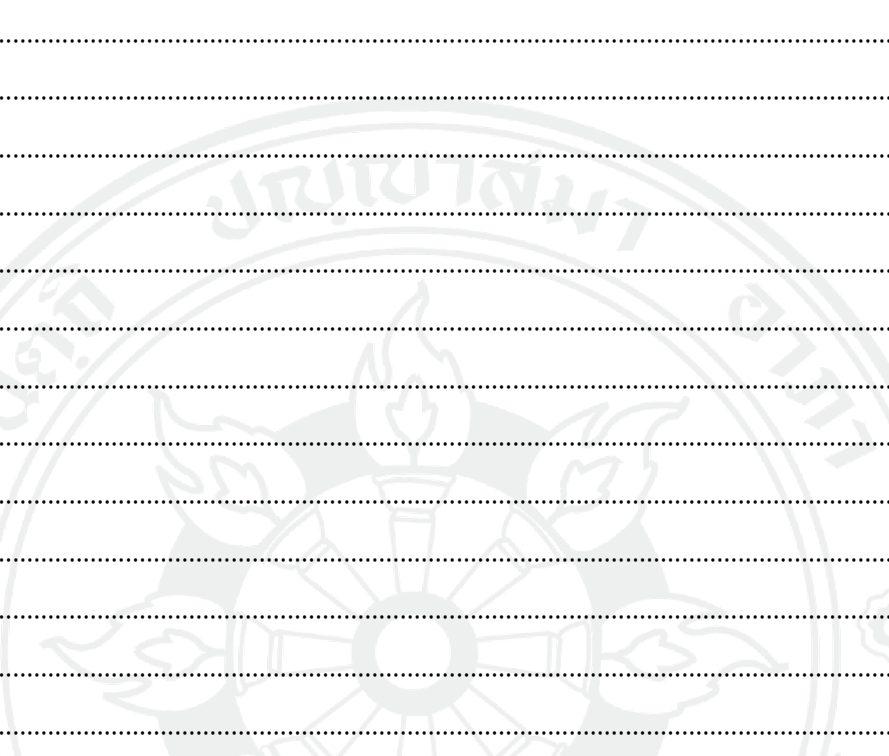
ข้อเสนอแนะต่อการกำหนดค่าตอบแทนหลัก (Base Salary) สำหรับกลุ่มผู้บริหารของรัฐวิสาหกิจ
กลุ่ม A ในประเทศไทย

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ข้อเสนอแนะต่อการจ่ายค่าตอบแทนแบบจูงใจ (Incentive Pay) สำหรับกลุ่มผู้บริหารของรัฐวิสาหกิจ
กลุ่ม A ในประเทศไทย

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ข้อเสนอแนะอื่น ๆ

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ขอขอบพระคุณอย่างสูงที่กรุณาให้ข้อมูล

โปรดพับแบบสอบถามส่งคืนทางไปรษณีย์ตามที่อยู่ด้านหลังของแบบสอบถามนี้

หรือสแกนส่งมายัง E – mail: gornkrit.s@gmail.com
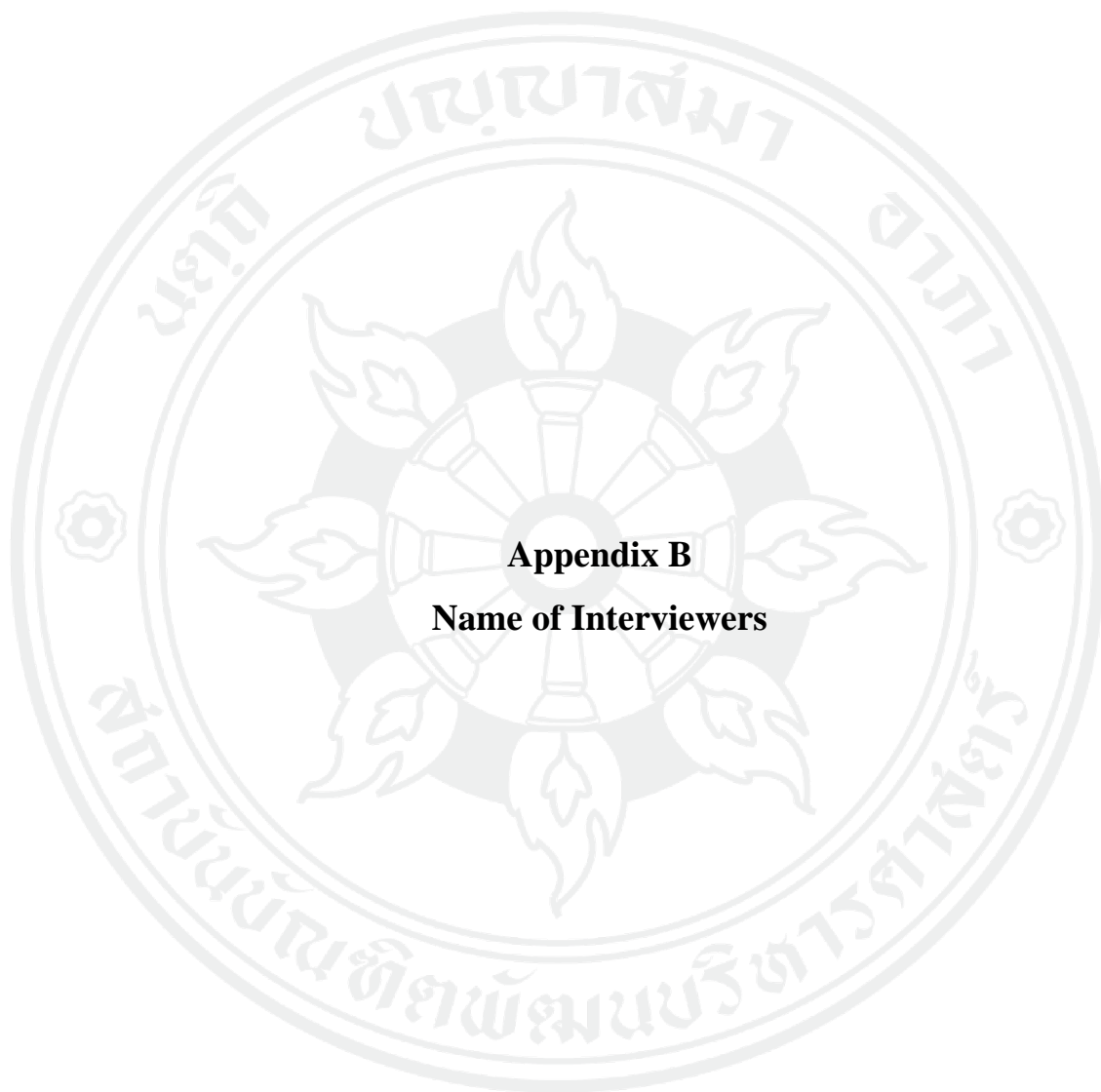
Appendix B
Name of Interviewers

Number	Original Affiliation	Name	Department	Date of Interviewed
1.	PTT	Mr. Nipon Jungrungroj	Product Development	17 January 2019
2.	AOT	Mr.Nitinai Sirisamatakarn	Board of Director	12 July 2019
3.	PTT	Mrs.Nipa Kasemsukpipat	Grocery Market	15 March 2019
4.	PTT	Mrs.Jiraporn Karwsawat	Oil Business Development	1 February 2018
5.	AOT	Mr.Narit Preeyanont	Human Resource Development	25 August 2019
6.	DOT	Mr.Prajak Bunyarit	Standard Resource Control	3 May 2019
7.	PT Oil	Mr.Pitak Ratchakitprakarn	Chief Executive Officer	1 September 2018
8.	PTTLI	Mr.Ranet Ronaritwichai	Leadership Development	12 March 2019
9.	Thai oil	Mrs.Chantawan Yantreesing	Social Enterprise	15 February 2019
10.	SEPO	Mr.Sakda Sangsri	State Enterprise Policy Organization	17 March 2019
11.	PTT	Mrs.Sirintorn Charoensuk	Human Resource Management	21 February 2019
12.	PTT	Mr.Songkran Sirikunarak	Human Resource management	21 February 2019
13.	AOT	Mrs.Sutheerat Thanachotikul	Board of Compensation	23 August 2019
14.	AOT	Mr.Sirichai Pithakdirok	Sale Management	28 August 2019
15.	AOT	Mrs.Achara Pongrek	Human Resource Management	21 August 2019
16.	AOT	Mrs.Aorawan Kunasirikul	Board of Compensation	23 August 2019
17.	ERC	Mrs.Matchima Siriyothin	Monitor & Evaluation of Electric Fund	30 September 2019
18.	ERC	Mr.Anirut Thetsing	Monitor & Evaluation of Electric Fund	30 September 2019
19.	AOT	Mr.Worawong Kitchan	Labor Union	5 October 2019
20.	AOT	Mr.Niphit Suwan	Labor Union	5 October 2019
21.	PTT	Mr.Theerawat Somanakun	Labor Union	8 October 2019
22.	PTT	Mr.Nukunkit Prasertpanit	Labor Union	8 October 2019
23.	PEA	Mrs.Sinobol Saijit	Board of Director	15 October 2019
24.	PEA	Mrs.Chananun Rungjit	Human Resource Management	15 October 2019
25.	NHA	Mr.Akarapon Jindamai	Board of Compensation	17 October 2019

Number	Original Affiliation	Name	Department	Date of Interviewed
26.	NHA	Mrs.Sangthong Maiyot	Strategic Human Resource Management	28 October 2019
27.	NHA	Mrs.Keawarin Sakdikon	Strategic Human Resource Management	28 October 2019

Number of Interviewers are 27 People

Interviewers from State Enterprise of Energy = 8 People

Interviewers from State Enterprise of Airport Management = 8 People

Interviewers from Market Players = 2 People

Interviewers from State the third party = 7 People

BIOGRAPHY

NAME   Gornkrit Sakronsatian

ACADEMIC   Bachelor's Degree with a major in Business Administration

BACKGROUND   from University of the Thai Chamber of Commerce,
                            Bangkok, Thailand
                            in 2010 and a Master's Degree in Public Administration at
                            National Institute of Development Administration, Bangkok,
                            Thailand in 2015

EXPERIENCES   Researcher, Thammasat Consulting Networking and
                            Coaching Center Thammasat University
                            Education, Bangkok, Thailand