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The Relationships between Human Resource Management and Entrepreneurship: Case Study SME in Thailand

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***Abstract*—**This study aims to investigate the relationships between human resource management and entrepreneurship in the view of owner-managers and employees, and among employees with in the SME in Thailand. The research method used qualitative method to confirm the phenomenology interest with top management position which women are regarding their career path by using purposive sampling method. The results showed that human resources management has positive relate with the corporate entrepreneurship are including the recruitment process, training worker, professional career development and reward system impact to entrepreneur's knowledge and innovation of corporate entrepreneurship in respectively to bring a very reliable way. Then, the key informant suggested that women's career experiences predisposed them to find an alternative route for entrepreneurship, despite having achieved top management. The understanding factors that successfully contribute to the development of women entrepreneurs from career development perspective are critical endeavour for any type of organization as well.

***Keywords*—**Entrepreneurship, firm performance, human resource management, work efficiency.

I. Introduction

SINCE the early 1980s, human resource managers have been receiving two messages from academic and professional literature regarding how to increase the competitive capacity of their organizations. The first message stresses the importance of managing people that are the most valuable resources in an organization's competitive strategy. The second message refers to the use of technology in human resource work and activities in order to serve stakeholders more efficiently and effectively.

This paper discusses the use of human resource management are confronted with the problem of how to utilize technology. There are numerous articles that explain why we need to bring technology into human resource work. These are summarized in the literature review. Actually, human resource management has always been used by people to improve the quality of their work and enhance productivity. Technology is defined as a tool that assists people to get the work done with less cost and higher productivity.

Many CEOs recognize the challenges presented in effectively combining HRIS professionals and information systems. They have set human resource management policies that try to make work operations run more efficiently and professionally. According to [1], to implement human resource management organization must understand what should be asked of packages and systems. The organization should be seen as a whole and it cannot work well without technology. The organization needs to support human resource management activity and provide easy-to-access information.

If we see the necessity of human resource management and would like to implement it, we should begin by learning what is needed by the organization in terms of human resource management. For example: What needs to be prepared by the organization? How do we implement human resource management effectively? How can the HR department participate in the preparations for human resource management [2]?

Human Resource Management model, improved performance of people, form of action or similar concepts of Frederick Taylor to succeed is some Japanese styles of management. The organization must be dedicated to the development of the operational system that will allow personnel to work well. More powerful and new development will be aligned to the extensive development of the whole person, both working as a team and the quality of work life. Lifetime employment system in Japan is a system that works effectively which results the personnel to be more dedicated and doing their best by working hard. Japanese management that is difficult to imitate by someone is to have systems and procedures in the administration which allow people to engage in creative thinking, proposing and participating in the work. This idea is effective to the extent that can it be done using the system administration QC Circles, that facilitates the life and work greatly, makes the working environment better, comfortable, safe, and proud to work to [3].

To make available personnel works for the organization efficiently; it needs to build a commitment and willingness to learn. When personnel became attached to his work, he will perform his job with a sense of responsibility, commitment, and pride for his work and most important; strive to be the best employee that a company has ever seen. These will make him successful in any kind of work. However, sometimes, organizational commitments affect organizational performance due to some factors like management decisions. The entrepreneurship of SME in Thailand should set a unique and understandable concept of their own goal. Personnel working with a sense of commitment and are willing to put his effort in working will also benefit the organization and he will

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achieved his goal [4]. The entrepreneurship of SME in Thailand is an organization with a specialization on information services of human resource management and has complete system consulting services. This also designs and develops services including hardware and software equipment related to the organization. Sometimes the human resource management or coordination within organizations is not effective in practice. The job characteristics, depictions of participation in decision-making and staff within the organization have no ties to the organization and leads to inefficiency in the work performance. It is necessary to have empowering employees within the organization and working together effectively will ensure the quality of performance.

Since human resource management can enhance the value of information in human resources and offer new opportunities to work efficiently, human resource management can provide the communication and analytic power that organizations need to manage HR. In Thailand, there are many organizations interested in implementing human resource management but don't know how to begin or to prepare themselves. Furthermore, there are only a few books and research studies investigating human resource management. Therefore, it is necessary to study and research the ways in which Thai SME can implement human resource management so that they can compete with others. Such knowledge would enable Thai companies to transform their business into a knowledge-based organization, strengthen their business operation, and challenge management to become more efficient [5]. For this reason, researchers are interested to study the relationships between human resource management and entrepreneurship: case study SME in Thailand.

II. Literature Review

A. Human Resource Management

The management of people has seen three distinct approaches since the turn of the twentieth century: scientific management, human relations, and human resource management. The trend has been toward the Human Resource Management approach, through which organizations benefit in two significant ways: [5] an increase in organizational effectiveness and the satisfaction of each employee's needs The human resources approach holds that organizational goals and human needs are mutual and compatible. This approach is relatively new in the management of people. It became popular during the 1970s as research in the behavioral sciences showed that managing people as resources rather than as factors of production or as human beings who act solely on the basis of emotions could result in real benefits to both the organization and the employee. The term human resource management is hard to define with clarity. However, a number of principles provide the basis for a human resources Employees are investments that will, if effectively managed and developed, [4] provide long-term rewards to the organization in the form of greater productivity [6].

1. Policies, programs, and practices must be created that satisfy both the economic and emotional needs of employees.
2. A working environment must be created in which employees are encouraged to develop and utilize their skills to the maximum extent.

Human Resource programs and practices must be implemented with the goal of balancing the needs and meeting the goals of both the organization and the employee. As Fig. 1 indicates, this can be achieved through a circular process in which the organization and employees enable each other to meet their goal [4].

B. Human Resource Functions

Although the Human Resource programs of different organizations will vary, the Human Resource departments of most organizations have these common responsibilities: human resource planning; job design and analysis; recruitment and selection; appraisal, training, and development; compensation; and employee relations [5]

C. Human Resource Planning

In the present economic and political environment, there is an increasing need for human resources to be managed in a professional way. It might be suggested that the future is so unpredictable that planning in the human resource area is a waste of time. Provided flexibility is built into the process, there is no reason to have a systematic approach. However, without human resource planning, it cannot be acceptable to any organization that aims to succeed in the present environment planner [6]; these alone could not substitute for commercial awareness, practicality, and the feel for the human aspects of human resource management. Planning without due regard to the views of the staff is considered failure.

Human resource planning covers a range of activities, and definitions vary according to one's viewpoint. It can take place at national level, and a range of government bodies are involved with various employment issues. We are mainly concerned here with organizational human resource planning, which should be of major concern to HR managers. These include the forecasting of human resource needs, the specification of individual job requirements and the identification and use of appropriate recruitment channels [10]

Human resource planning can help HR managers in making decisions in the following areas:

1. Recruitment of staff.
2. Training and development of existing staff.
3. Transfers and promotions.
4. Wages and salaries (the cost of staff will be a vital part of the planning process).
5. Accommodation requirements.
6. Redeployment and staff redundancy.
7. Productivity issues
8. Job Analysis

For an employee to perform satisfactorily, his or her skills, abilities, and motives to perform the job must match the job's requirements. A mismatch may lead to poor performance,

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absenteeism, turnover, and other problems. Through a process called job analysis, the skills, and abilities to perform a specific job are determined [7]. When scientific management was popular, jobs were designed to be simple and routine so that unskilled workers could be quickly trained to do the work. The main assumption of such job design was that the average worker had no need to gain satisfaction from work and had neither the skill nor the inclination to participate in work decisions. However though employee needs and motives have experienced many changes since industrial revolutions in 19th century, job design in many organizations still bear a resemblance to that of scientific management. Recent organizational researches show that employees are not only demanding more satisfying and rewarding work but also demonstrating that their involvement indecision making can enhance rather than impair organizational effectiveness. Therefore, a job analysis program produces many benefits for an organization [6]. In addition, job descriptions, job specifications, and job evaluations can easily be produced from the job analysis data. Thus, critical HR practices such as hiring wage determination, and administrative record keeping are assisted by job analysis.

D. Firm Performance Concept

Monitoring and review of managers by the board of directors is a major internal managerial control mechanism. The board approves the structure of incentives to which managers respond, including decisions about the compensation of top management and presents evidence indicating that the compensation plans approved by boards of directors generally link pay to performance measures which are themselves directly related to shareholder wealth. For instance, the value of stock options held by a manager at the beginning of a year gives him an incentive to act in ways which maximize stockholder wealth throughout that year. Nonetheless, some investigators have argued that compensation plans do not induce top management to maximize shareholder wealth and advance evidence which they claim supports this argument that a CEO is more concerned with the size or growth rate of the firm than with profitability. They claim a preoccupation with size or growth occurs because compensation plans link pay to these characteristics and because greater prestige is associated with the management of a large firm. An extreme version of the argument that managers are not paid to enhance shareholder wealth is advanced by who claims that there is no link between compensation and any measure of profitability or stock price performance [8].

Implicit in these arguments is the assertion that formidable agency problems are created when a firm's owners grant decision making rights to a small group of managers, some of whom may also be owners of the firm. Granting management authority presumably improves administration, but agency problems are created when rights are so vested. Agency problems result because managers have monopoly access to the information required to construct and administer compensation plans. These compensation plans ideally tie the self-interest of the managers to the interests of outside shareholders, but managers may withhold some relevant information from compensation committees when that information would attribute poor firm performance to bad management. Some argue that agency problems are not solved because boards are captives of top management and make compensation decisions based only on the information supplied to them by that management [8].

III. Methodology

The objective of this research was to study the relationships between human resource management and entrepreneurship: case study the effect to the firm performance of SME in Thailand and the data was correct from the owner-managers and employees, and among employees with in the SME in Thailand [9].

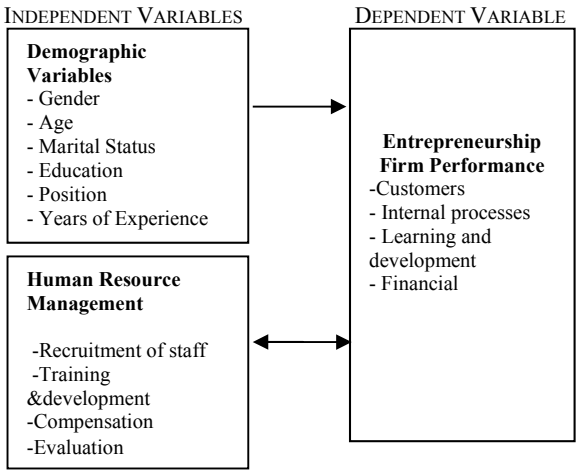


Fig. 1 Conceptual Framework

IV. Finding

The findings of the survey, together with interviews and discussions with concerned managers and policy makers, demonstrated that human resource functions practiced by the SME included performance appraisal, training and development, employee benefits, keeping personnel records and salary administration, recruitment & selection and human resource planning. The general feeling and satisfaction level of the employees in the enterprises under survey with regard to their working conditions is demonstrated [6].

The human resource management in the state-owned enterprises (SOE) is chosen instead to generalize issues in managing human resources in the SME in Thailand because they have very similar organizational structure to public service and most of managerial staffs had civil service experience [6].

The HRD study was carried out during a period of two months between December 1997 and January 1998 [6]. A survey focused ten selected enterprises from the existing 60 SME. 500 questionnaires were distributed to the employees in the sample to obtain their opinion on the policy and practice of HRM at their work. In total, 242 responses were returned,

representing a yield rate of 48.3%. At the same time, face-to-face interviews with top and middle HR management were conducted to identify any practical issues [9]. Thus, concluded that despite the state-owned enterprises' management was paid more attention to improving their profitability and effectiveness by restructuring and developing human resources for long term business goals, several structural bottlenecks related to the deeply rooted subsidy system by the government Continued to hamper the full development of human resource potentials in these enterprises.

TABLE I
DEMOGRAPHIC OF THE RESPONDENT

Factors	SME Employee	Mean
Age Profit		
Up to age 31	33,292	47.2
31-40	24,821	35.2
41-50	9,480	13.5
50 and above	2,941	4.1
Education level		
Post graduate university level	317	0.5
University degree or equivalent	10,693	15.1
Professional level (medium level)	23,389	33.2
Professional level (primary level)	28,567	40.5
General education (primary, secondary level)	7,568	10.7

A. Human Resource Planning [3]

Under the command economy, the company in Dusit province Planning Committee conducted human resource planning and then allocated labour to ministries and other public institutions. The SME itself therefore did not handle this function before the reforms. Instead, it had a list of quotas for its employees specified by the Central Planning Committee. The number of staffs in the SME was also under the state's control because the total wage bill was fixed by the SME. In some circumstance, the SME might alter its number of employees as long as the total wage bill was not compromised. The total wage bill could only be increased, when the company authority assigned new employees [14].

Since 1992, the control of quotas for new recruits had started to loosen up. Thereby, the number of new recruits becomes more flexible [3]. The SME has more freedom to take on university graduates depending on its needs. In the selection process, the personnel director will check the academic records of potential candidates and conduct interviews. A decision regarding employment is usually made after the interview [11].

B. Performance Appraisal

The performance of senior executives is assessed annually by an appraisal group. For example, the appraisal group for the governor was composed of the Deputy Prime Minister for Economy; [7] the Finance Minister, and representatives from the Party's Political Central Committee. The appraisal criteria consisted of four items: political attitude and practice, competence, working attitude and effort, and performance record [12].

C. Compensation and Welfare

The key feature of the new wage system is 'flexibility'. Piece-rates and bonuses were reintroduced in the early reforms of 1995. However, the bonus was not associated with enterprise efficiency until 1996. In 1990, reformation of the tax payment system was also implemented. In 1994, in the second stage, limitations on enterprise bonus payments were eliminated and a tax was applied on excessive bonus payments. Thus, enterprises were granted full sovereignty in the method of allocating bonuses, and accommodations were made for strictly performance-based and piecework compensation systems [5].

D. Training and Development

Once the HR management are adopted the position-and-skill wage system in mid1995, it is required by the Department for Public Administration and the Public Service to offer regular training to its employees so as to advance their skills to match their job demands. As a result of these changes and demands, the SME begins to place even more emphasis on training for employees. It encourages its employees to undertake part-time study at a university and reimburse their tuition fees under certain conditions. In addition, the SME arranges for employees to attend English [13].

V. DISCUSSION

When this research was conducted, the SME has experienced a series of changes in its administration after 20 years of economic reform and it was still in transition to self-managed human resource practices. Although the SME starts to exercise autonomy in its own human resource practices, such as the selection of employees and establishment of wage packages, the HRM activities are not conducted in a way as defined in the West like the new public management [10]. In fact, some of these activities are still partially utilized and some are totally absent. For example, performance appraisal is emphasized and applied to all public servants. However, it is used for the administration purpose only rather than for performance improvement [6]. Furthermore, the reliability and validity of performance appraisal is questionable. In addition, the current practice has moved away from the traditional fixed wage system and offers some incentives to employees. Due to the lack of job analysis and objective assessment criteria, the relationship between positions and wages were weak. Moreover, human resource planning is mainly used for replacing vacant positions, unlike in the Western HRM. The recruitment process is conducted without formal selection criteria and procedures, and is limited by quotas.

IV. RECOMMENDATION AND FUTURE STUDIES

The SME should establish a series of short-term projects throughout the staffs to identify areas of waste, improve use of administrative resources, and more importantly, to begin the longer-term process of changing values, attitudes and behavior of managers and employees, so that they see themselves as managers responsible for the cost-effective use of

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administrative resources. The National Human Resource Development policy should be broad on guidelines rather than enforcement and be flexible according to the requirements for economic developments and the actual needs for each public agency.

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