STRATEGIC HUMAN RESOURCE MANAGEMENT IN THAILAND

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Abstract

The purpose of this article is to review relevant literature and discussion about concepts, theories, and approaches in strategic human resource management. Empirical studies of related subjects which have been carried out overseas and in Thailand are also explored in this article. The author concludes by arguing that the future of Thai organizations depends more heavily than ever before on the quality of the management of its people. To equip the Thai HR professionals and business practitioners with the human resources skills needed to undertake value-added activities and to demonstrate that these business and strategic activities can successfully be developed and implemented, the author strongly urges that universities and graduate institutes in Thailand will need competent faculties and experienced researchers with a wide variety of human resources and business skills who are dedicated to develop academic programs and carry out HRM research that will respond to the needs of the future organizations. Although substantial advances in Human Resource Management research has been made during the past ten years, considerable work still remains to be done.

Introduction

In Thailand, attention during the early 2000s was paid to the development of human resource strategies and policies, which served to promote the achievement of organizational objectives. However, numerous studies indicate that much of organizational life and interaction is not directly related to achievement of organizational objectives. This discrepancy between formal objectives and behavior derives from a number of sources including the meanings people bring to organizational life (Silverman, 1979: 141), the operation of coalitions of competing groups often with interests different from those of stated organizational objectives, (Dalton 1950, 1959; Pettigrew 1973; Gowler and Legge 1975), the competing social interests and power relations of groups in the social structure (Salaman 1981; Purcell and Ahlstrand, 1994), the nature of the process of decision-making which is sometimes not a rational exercise of wisdom, judgment and expertise, but one in which managers act out of habit or instinct (Marshall and Stewart, 1981: 274; Anthony, 1977: 62; Wrinkler, 1974: 210; Simon, 1960: 28) and also the nature of the implementation of policy involves the creation and maintenance of informal, social networks based on doing favors, nurturing professional reputations and controlling resources and information. (Kotter, 1996: 69-70; Whetten and Cameron, 2002 and Yukl, 2002)

From the literature reviews, this suggests that although a strategic approach to human resource management may have initially been explored in an organization, in practice, organizational dynamics might have limited its application. There are many obvious reasons why many organizations fail to develop and implement strategic approaches to human resource management. One of the conventional beliefs is that if line managers are not involved in setting the objectives and strategies, the plans then may not be effectively implemented. In addition, the development of planning systems in many organizations, which are typically bottom up, requires the involvement of too many people from different departments and levels in the whole organization. To make the concept work, what is critical is an understanding of the fit with the level of environmental turbulence, whether the culture of the organization could tolerate such an approach, and the fact that commitment alone is not enough to implement strategy.

Theoretical Review

Although, a strategic approach to Human Resource Management has evolved nearly 20 years ago with an article entitled “Human Resources
Management: A Strategic Perspective” by Devanna, Fombrun and Tichy in 1981, it was only during the past 10 years that much of the writing and research on a strategic approach to Human Resource Management has attained growing importance among academic scholars and business practitioners. In 1996, both the Academic of Management Journal and Industrial Relations devoted special issues to the topic of HRM practices and organizational performance and in 1997, the International Journal of Human Resource Management published a special issue on Strategic Approach to Human Resource Management and organizational performance (Wright, 1998: 187-191).

Since then, the popularity of the study and research on the topic of Strategic Human Resource Management implied the strong belief that sound people management is a truly strategic competence of most organizations. From a strategic point of view, human resource management has two important responsibilities: the functional responsibility of the HR department and the responsibility of the entire management of an organization. This means that effective human resource management is a strategic imperative for a growing number of organizations and it is important for human resources professionals and line managers to clearly understand the relationship and critical link between human resource management and corporate strategy.

The human resource management practices of the past are no longer appropriate for today’s complexity as organizations are now realizing that in order to staff many of the new organizational forms, they need a shifting array of workforces, including a core workforce, contractors, temporary and part-time employees (Handy, 1990; Rousseau and Wade-Benzoni, 1995; Hall and Mirvis, 1995; Wayne, 1997; and Greer, 2001). With the current unpredictable environmental changes and continued dynamic competition, the human resource function will have to reshape itself, populate and redesign itself differently, become a true strategic partner of the business organization, and provide value added contribution to the organization as a whole. These massive new design trends in organizations pose challenges and opportunities for the development of the new human resource function. Mohrman and Lawler III (1998: 214-215) have summarized the challenges and opportunities as follows:

1. Human resources practices will have to be redesigned to fit with the new way of organizing and new business requirements.

2. Organizations will have to find their way to become integrally involved in thinking through organizational design and human resource practices and issues in a systematic way.

3. Human resources function will have to find its place in the new design trends in organizations. It will have to redesign itself with an eye to adding maximum value to the organization.

According to Mohrman and Lawler III, these challenges and opportunities can give rise to the new perspective of HRM. They strongly believed that HR functions can become a true business partner in the organization and can provide real value added contributions far above what this function has achieved in the past (Mohrman and Lawler III, 1998: 214-215).

The focus of human resources functions in many organizations has shifted from an administrative and auditing role to that of a strategic business partner as well as a developer of human resource systems. For human resource professionals to truly provide value added contributions, they must be able to work at multiple levels of analysis and to take a holistic view of the organization. The Human Resources function is now being blended more and more into the business management of the organization, as a full business partner bringing expertise and a specialized perspective to the process of running a business and improving organizational performance. (Mohrman and Lawler III, 1998: 223-224) Results from a research study of 130 companies undertaken by Mohrman, Lawler, and McMahan in 1996 indicated that human resource professionals now spend more time in developing human resources systems and practices and being a strategic business partner. This includes being a member of the senior management team and being involved with strategic human resources planning, organizational design, and strategic change. In order for human resource professionals to play the role of business partner, human resource professionals must possess in-depth knowledge, broad business knowledge, and change-mastery skills (Mohrman, Lawler III and McMahan, 1996: 24-26) This requires the development and adoption of strategic approaches to human resource management, reconfiguration of the human resources function, and most importantly commitment and involvement from both line managers and HR professionals.

One piece of work that provides evidence of the model of strategic approaches to human resource management is that by Lundy and Cowling (1997). Such a model, which is illustrated in Figure 1 consists of:
1. Both internal and external environmental analysis in which a human resource perspective is introduced into the strategic process

2. Implementation in which attention is devoted to the interpretation of strategic aims in terms of specification of philosophy, culture and resultant required human resource effectiveness criteria, which, when combined with task specific effectiveness criteria, provide the basis for the design of a coordinated set of activities such as selection and employee rewards, performance assessment and management development programs

3. Consideration of approaches to the management of change


One of the most fundamental aspects of Strategic Human Resource Management is the challenge for HR practitioners to decide where they are going to focus and bring about change which is in line with what the business needs, even if they may be some short-term costs to the function. For Strategic Human Resource Management to successfully take place in organizations, they will need skilled and motivated employees who are committed to achieving business strategies and goals. To obtain organizational synergy through effective and strategic HR processes which improve organizational functioning and performance, the organizations will have to find ways of helping employees to develop new and satisfying careers and reward them appropriately and fairly (Brockbank, 1997: 65-69)
If the development and adoption of Strategic Approach to Human Resource Management is going to be taken seriously within an organization, HR has to earn a place at the table, not on the table. The role and accountability of HR practitioners must be repositioned to reflect a new strategic view that employees are key to the success and achievement of organizational goals. HR practitioners must learn to be aware of how the nature of their business is changing and make an appropriate assessment of the business challenge. They must closely and strategically work with line managers to understand the implications of those changes for people. HR practitioners must develop business knowledge and this requires working in business unit partnerships, supporting managers as the local face of HR (Brockbank, 1997: 65-66). No doubt, this premise is conceptually consistent with the arguments by Wedchayanon in 1995 that the process of change in human resource management in Thailand must not only change the type of work and the organizational structure, but it must also reflect the knowledge and skills required to carry out work. Although these arguments were developed from different cultural contexts (Western Versus Asian perspectives), nevertheless, both Brockbank and Wedchayanon strongly share a similar belief that a shift from traditional personnel management to strategic human resource management would reflect the need to change the conventional pattern of thoughts and generate different HRM practices and philosophy and approaches to the management of employees at work.

One of the main problems associated with Strategic Approach to HRM lies in its HR competencies. In addition to developing a strategic agenda, HR practitioners must implement the strategy in order to deliver organizational change (through systems and cultural initiatives) which support the business in its goals. As we all know, organizations tend to have complex political dynamics, which often make the implementation of Strategic Approach to HRM very difficult. The challenge for HR practitioners is to make sure that short-term business needs and HR processes are effectively managed. Although the need and importance to reposition HRM from transactional to value added is evidenced, it seems difficult to develop and implement Strategic Approach to HRM in many work places. This is mainly because HR systems have often been developed piecemeal for many years and very often different systems do not speak to each other, leading to duplication of organizational efforts (Ulrich et al., 1995: 473-495). From this perspective, it is more likely for many organizations with complicated human resource processes or systems and complex organizational structures to fail in its implementation phase when they attempt to develop and adopt a strategic approach to human resource management.

To successfully develop and implement a strategic approach to human resource management, it seems interesting to consider an eight step conceptual framework for planning strategic approach to human resource management developed by Hussey (2002). Figure 2 suggests that there is a sequence of steps which, with modification, can be applied to various aspects of human resource management activity.
What is important in the above figure is that it helps us understand the basic relationship between the importance of organization objectives and needs and the development and implementation of HRM policies and programs (Hussey, 2002: 49-52).

Another critical research-based study on the subject is that by Ulrich, Huselid and Becker (2001). They have conceptually identified and developed a seven-step model for formalizing and implementing HR’s strategic role for today’s organizations. This conceptual model suggests how organizations could integrate human resources into a business-performance measurement systems and identify the link between human resource and the organization’s strategy implementation. To summarize the importance and merit of this conceptual model, senior management and human resource professionals should regularly review the HR deliverables they have defined in order to ensure that these drivers and enablers remain strategically significant. This is logically true for HR enablers that have direct links to specific business objectives. Experienced HR professionals should understand when an enabler is no longer playing a strategic role and needs to be replaced. (Becker, Huselid, and Ulrich, 2001: 36-52) For strategic approach to human resource management to take place in an organizational context, organizations must develop...
current human resource professionals who possess this new set of skills in the future, and must fully provide supportive environments and management tools on a continuous basis.

Furthermore, top management executives must strongly believe and show that employees are key to the success and achievement of corporate objectives and must strategically be involved with development and implementation processes of these human resource policies. Senior management executives must be highly committed in delivering human resource initiatives and organizational efforts, and strongly believe and show that the human resource department is very critical to contributing to the achievement of the organizational goals and improved business performance. To be more specific, the human resource department must take a new strategic and value-added role in working and coordinating closely with senior management executives and other members of business units and department heads in developing and implementing these new human resource policies and organizational change programs.

**Current Research: Limitations and Problems**

Research provides insights into the issues of strategic human resource management, and gives an impression of the interest in the approach and the extent to which it is executed and implemented. In addition, it provides evidence that is useful in shaping perceptions of the general state of affairs, and stimulates thought and conceptual development about the issues of strategic human resource management. Overseas research and investigation reveal a totally different picture to that of Thailand. Over the past two decades, many social scientists and scholars in Western countries have devoted their attention to the study of theory and practice of a strategic approach to human resource management. However much of the writing on strategy-human resource management linkages has been developed at an abstract and highly generalized level. There are a number of limitations and problems with current literature and research investigation. Purcell and Ahlstrand (1994: 36-37) have summarized the limitations and problems as follows:

1. The specified links between strategic planning and human resource management have been too theoretical and abstract. Such generalized models thus provide little for the practitioner at a more detailed operational level.

2. The few prescriptions which have been identified have been found to have limited validity when subject to careful empirical testing (Dyer, 1984: 160; Nkomo, 1988: 70).

3. While many of the links have been specified between corporate strategy and human resource functions, very little is known about the precise nature and content of these interactions. In fact, the specific steps required to link corporate strategy and human resources practices have often been neglected from such studies (Grant, 1991: 359).

4. There is too much of the writing which describes what firms should do to accomplish this critical linking, yet there are very few that describe how to go about doing it (Kydd and Oppenheim, 1990: 145).

5. The research into links between corporate and human resource management strategy assumes a standard organizational design configuration and does not imagine linkages varying with different organizational structures. In reality, such links in a multi-divisional company might be different from those in a functionally organized company for instance.

6. There has been an inadequate theorization of the more basic aspects of corporate strategy, for example, the nature of product markets and their links to HR strategy. Basic issues such as the link between markets and the management of employee relations should be studied and investigated in more detailed analysis (Marchington, 1990: 111).

7. Purcell and Ahlstrand have argued that the literature has been too optimistic about the possibilities for the close linking of corporate and HR strategy. It has been argued that the links between human resources activities and business need tend to be the exception even during non-turbulent times. When such links occur, they are usually driven by the organization’s efforts to formulate and implement a particular strategy (Schuler, 1992: 20-21).

8. Finally, the current literature on strategic approach to human resource management tends to be based on good management practices and a rational model of both man and organization. Such a model ignores the impact and significance of the power and control perspective in influencing corporate strategy. It seems logical to argue that power of both politics and culture are also critical factors shaping and possibly subverting such strategy (Purcell and Ahlstrand, 1994: 36-37).

Furthermore, human resource management researches focused almost exclusively on the objectives, activities and behavior of labor organizations, and on the structure of human resource departments and units. By
contrast, management’s role in personnel and human resource matters was largely neglected. Despite the role that management played in defining and shaping the form of the employment relationship, there was little systematic research as to their attitudes and behavior. Although this imbalance is now being corrected, the level of information that exists about employees and their organizations is not matched by a corresponding body of knowledge about the functions and responsibilities of management in the personnel and human resource area.

**Strategic Human Resource Management in The Thai Context**

Unlike many other academic disciplines of management and social science studies, the development of the body of knowledge in the field of Strategic Human Resource Management has not been studied and researched for very long. It is only recently that people have paid much attention to the importance of the notion and academic development of strategic human resource management. Much of investigative research has during the past 20 years, been developed and carried out particularly in Southeast Asian countries (which include Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Cambodia, Laos and Myanmar). (Asma, 1992; Chew and Teo, 1991; Hofstede, 1988; Lawler, Atmiyanandana and Zaidi 1989, 1992; Pun and Taylor, 1992; Putti and Chong, 1985; Siengthai and Vadhanasindhu, 1991; Wan, Wyatt, Tseng and Chia, 1989). This implies that current roles and contributions of human resource specialists have significantly been changed and expanded in both public and private organizations.

In Southeast Asian countries, the importance of strategic human resource management has been recognized only in the past ten years. Human resource management practices and philosophy in these countries vary widely because of differences in the history, culture, social and political systems as well as the stage of the economic development of these countries. With the exception of Thailand, most countries in this part of the world were under colonial rule in the past. It is therefore common to find the influence and value of Western multi-national companies in these countries. Management practices vary considerably between different companies. The contrast becomes even more obvious when we compare the practices found in multi-national companies and local organizations (Huat and Torrington, 1998: 32-35).

In Thailand, the meaning of strategic human resource management is similar to those available in other Southeast Asian countries. Strategic Human resource management practices conceptually depend on the types of business organizations. Local and multi-national organizations in Thailand have their own styles of managing employees. Organizations, whether they are in public or private sectors in Thailand, have been traditionally influenced by the management practices and philosophy of multi-national companies from the West as well as those from other Southeast Asian countries. Nevertheless strategic human resource management philosophy and practices in Thailand have long been influenced by the Buddhist approach to life. This implies the Thai desire to keep peaceful relationships between employers and employees, the desire to be self-effacing, respectful, humble, and extremely considerate as well as the wish to avoid embarrassing other people in the working place. In essence, Buddhists have to take into account the following factors:

- Self-realization (know who you are, your strengths and weaknesses).
- Knowing others (know whom you are dealing with and how to deal with them).
- Causality (know the cause and effect of what you are doing).
- Appropriate time and place (know the appropriate time and place to deal with problems).
- Potential (know your ability and limitations) (Siengthai and Vadhanasindhu, 1991: 233-234).

Recently, the term "strategic human resource management" is widely used and has achieved increasing importance among multi-national organizations both in the public and private sectors in Thailand. During the past ten years, many large business organizations in Thailand, such as General Electric, Unilever and Coca-Cola have changed their basic management functions from personnel administration to strategic human resource management and development. One piece of work that concludes the process of change in human resource management in Thailand is by Wedchayanon (1995). She basically argued that these sort of changes not only change the kinds of work and the organization structure, but also affect the knowledge and skills required to carry out work. Similar to this, a shift from the term ‘personnel management’ to ‘human resource management’ reflects the need to change the traditional pattern of thoughts and generates a
different philosophy and approach to the management of people at work (Wedchayanon, 1995: 15)

This means that the role and accountability of both human resource specialists and line managers in the organizations have to be changed to reflect a new strategic view that people are key to the success and achievement of organizational goals. To better understand the meanings of strategic human resource management, its philosophy and current practices in the Thai context, it then seems logical in this section to briefly examine the evolution and current status of the HRM researches in Thailand.

In many Thai business organizations, human resource management policies and practices develop on an ad hoc basis, with little integration of the organization's future needs. Often human resource policies and strategies are developed to solve an immediate problem, with no strategic thought to their long-term implications. Such policies and practices lock the organizations into inflexible modes of operation, leaving them unable to see that other strategies might be more appropriate. The literature and empirical studies on the adoption of the strategic approach to human resource management of organizations in Thailand have been very minimal and also limited in terms of the scope of their studies. One recent research on the integration of human resources and business strategies was conducted by Albrecht and Pagano from the University of Illinois at Chicago and Palin Phoocharoon from the National Institute of Development Administration in Bangkok. By focusing only on the study of international joint ventures (IJVs), their article provided an integrative framework based on the development of a new paradigm for strategic human resources management in multinational corporation's (MNCs) strategic alliances. Based on this study, the authors believed that there is a need for an integrated framework linking human resources, strategic planning and business objectives. The integrative framework multinational corporations (MNCs) need to shift their management direction to the international collaborative strategies, which is seen as necessary for successful globalization and research propositions to guide future research were then developed in their study. From this perspective, the conceptual model will allow multinational corporations (MNCs) to sustain their competitive advantage through IJVs by integrating human resource and strategic business planning. (Albrecht, Pagano and Phoocharoon, 1997: 4-12)

This research article is very useful in providing a solid foundation for understanding the concept of strategic human resources management in multinational corporations, it yet focuses on only one form of strategic alliance; the study of international joint ventures. Many other human resources management research in Thailand focused on few key aspects of human resources strategy in public enterprises and descriptive surveys of human resource/personnel policies and practices. For example, Vanchai Ariyabuddhiphongs (2003) conducted a descriptive survey of personnel policies and practices on recruitment, selection, performance evaluation and training among industrial companies in Thailand. The major findings from 687 human resource managers revealed that companies rely on walk-in applicants and newspapers for recruitment, while written examination and structured interviews are used for selection. The new methods of performance evaluation, such as 360 degree and Balanced Scorecard, have yet to gain wide adoption among these industrial companies. In addition, budgeting for training expenses seems to fall into the extremes of providing a lump sum for the entire organization or depending upon requests from the supervisors. The latter method raises doubt about the control of costs as well as contents of human resource development programs. (Ariyabuddhiphongs, 2003: 1-6)

Nisada Viasuvanna (1988) conducted an analysis of recruitment and selection processes of public enterprises in Thailand. The purpose of her study was to understand and explain the relationship between the level of technology used in three public enterprises and the recruitment and selection behavior of enterprise personnel. The three public enterprises under study were the Thai Petroleum Organization (PTT), representing a high-technology enterprise, the Provincial Waterworks Authority (PWA) and the Government Lottery Office (GLO) representing medium- and low- technology enterprises respectively. Research findings revealed that there was a significant relationship between the level of technology used in the enterprise and the technological qualification of the employees. Furthermore, there was no relationship between the level of technology used in the enterprise and the universalistic characteristic in the recruitment and selection process of the enterprise, that is, the competence of applicants was judged by several means such as job-related competitive examination, interview, letters of recommendation and physical examination. Conclusions drawn from her study also indicated that the notion of personalism plays a critical role in the recruitment and selection process of all three
enterprises (Viasuvanna, 1988). Another important human resources management research in Thailand which focused on training and development strategy in public enterprises was conducted by Chindalak Vadhanasindhu in 1988. Similar to the research objectives of Viasuvanna’s study yet emphasizing different aspects of human resources strategy in Thai public enterprises, Vadhanasindhu’s study dealt with the problem of the Thai National Civil Service Training Institute (CSTI). Conclusions drawn from his study showed that the basic impediments to the attempts of the CSTI to improve the training and performance of civil servants are its lack of authority in a bureaucratic system characterized by relatively autonomous ministries and departments, and its limited role in training programs (Vadhanasindhu, 1988). There is no doubt that the above studies led by Thai scholars provide much fertile ground for future research on strategic human resource management in Thailand, but there seems to be an insufficient level of empirical evidence and inadequate theorization on the adoption of the strategic approach to human resource management of organizations in Thailand. From the literature reviews, this suggests that more detailed studies on the subjects of strategic approach to human resource management and its development in Thailand (both quantitative and qualitative researches) are increasingly needed and therefore should be empirically conducted at different organizational contexts.

From this perspective, it can be envisaged that these studies would scientifically demonstrate how concepts, theories and approaches in strategic human resource management can be applied to provide solutions to organizational and human resource problems and issues in Thailand. It is strongly believed that Thailand needs competent faculties and experienced researchers with a wide variety of human resources and business skills who are dedicated to develop academic programs and carry out HRM researches that will respond to the needs of the future organizations. If we achieve an adequate level of empirical evidence and strong theorization on the development and adoption of the strategic approach to human resource management of organizations in Thailand, such studies would then reveal a number of important gaps in our understanding of the role, importance and usefulness of strategic approach to human resource management of the Thai workforce. More importantly, such studies will offer practical solutions to organizational problems currently plaguing line managers and human resource executives, thus providing much fertile ground for further research on strategic human resource management and development in Thailand.
References


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