

# The Relationship between Human Resources Practices and Organizational Performance in Pharmaceutical Industry of Thailand

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## ABSTRACT

Effective human resource management practices strongly influence employee performance by increasing employee productivity. Similarly, in developing countries proved that human resource is one of the key factors which contributes towards better employee performance and successful organization. High-quality employees provide a higher return on investment compare to the lower quality employees. Employees with the high potential could fill up the most valuable strategic positions in the organization in future and help in differentiation to gain competitive advantages. Additionally, talented human resources in the organization with high capabilities, knowledge and skills become the underlying source of learning a competitive advantage in the international marketplace. This study collected 320 questionnaires from the employees of the pharmaceutical industry using simple random sampling and after data screening 312 data utilized for further analysis. Structural equation modelling utilized to

investigate human resource management practices and their effect on organization performance in the pharmaceutical industry in Thailand. The findings revealed contrary result in Thailand pharmaceutical industry that ethical climate does not have significant impacts on organizational performance. Therefore, it is important to look back the facts why this happens to observe them again with different industries in Thailand with related constructs.

**Keywords:** Human Resource Practices, Organizational Performance, Pharmaceutical Industry, Thailand

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## INTRODUCTION

In the success of any organization, the underlying fact is the proper Human Resource Management (HRM) practices as this practice bring different types of people together to gain shared objectives. Through the HRM functions, organizations manage the social skills to achieve the shared goal for the organization (Sriviboon & Jernsittiparsert, 2019; Kerdpitak & Jernsittiparsert, 2020a, 2020b). Every organization required to perform the necessary activities where human resources have the fundamental roles to play. For example, HRM estimates the future human-assets,

operate the employee planning and development program based on the need of the organization success. Simply, without the proper HRM practices, the organization fail to manage the organization accordingly to company planning. Thus, to achieve high performance for the organization and produce the targeted production, the best human resources practices is mandatory to conduct for the successful and growing organization (Aladwan, Bhanugopan, & D'Netto, 2015). Therefore, for any industry such as Pharmaceutical and Manufacturing Industry in Thailand, and their success depends upon to what extents the industry values human resource practices.



Figure 1. Organizational Performance Model  
Sources: (Kasemsap, 2013)

According to figure 1, organizational performance separated into three parts which are organizational motivation, external environment and organizational capacity. These three performances improve performance in an organization. This industry produces and

manufactures different products, including drugs, medical equipment. Above products including the prescription are not to distribute to the market but to access to doctors, nurses, hospitals and pharmacists. By doing this, the fundamental HRM practices such as industrial relation and

compensation, training and development, recruitment and selection, and benefit play the role as the main hub (Kalaiselvan & Rasool, 2015). Through the proper implementation with these practices, organization employ the human resource to accomplish shared objectives. A study conducted in Thailand suggested that human resources practices have an influential role in the performance of the organization by increasing employee productivity. Besides, previous studies, (Mehralian, Nazari, Nooriparto, & Rasekh, 2017; Muqadas, Rehman, Aslam, &

Ur-Rahman, 2017) confirm that high work performance system has the greater impacts on organizational performance. Their study further confirmed that human resources practices have a stronger effect on the performance of the organization compare to individual HR practices. However, in the context of pharmaceutical industries, especially in Thailand, HRM practices are under research. Therefore, to fill the gaps, this study illustrates HRM practices that have influential effects on the Thailand pharmaceutical industry to its performance.

TABLE 1. Job Happiness in Asian countries

Ranking 2010	Country	Index 2010 (%)
1	Indonesia	5.27
2	Vietnam	5.19
3	Philippines	4.97
4	Malaysia	4.65
5	Thailand	4.55
6	Hong Kong	4.45
7	Singapore	4.31

Source: (Fong, Ooi, Tan, Lee, & Yee-Loong Chong, 2011)

According to table 1, job happiness between Asian countries in 2010. table 1 shows that Indonesia (5.27%) held the first place in job happiness. Other countries like Vietnam (5.19%), Philippines (4.97%), Malaysia (4.65%), Thailand (4.55%), Hong Kong (4.45%) and Singapore (4.31%) were also were in this ranking. Although a number of studies have conducted in different fields of human resource practices, there are limited studies found on the association among decision-making, training, organizational ethical climate, and payroll in pharmaceutical industries in Thailand that produces the better organization performance. Therefore, the main objective of this study is to find the relationship between human resources practices and its organizational performance in the pharmaceutical industry in Thailand. More specifically, investigates the link between training provided by the organization, the organizational ethical climate, payroll system, and opportunity to participate in decision-making, workforce differentiation, and organizational performance in the context of Pharmaceutical Industries in Thailand. This study aims to investigate the influence of human resource management practices on organizational performance in the context of pharmaceutical industries in Thailand.

## LITERATURE REVIEW

### *Human Resources Practices and Organizational Performance*

Although different types of aspects contribute to the success of the organizational performance, one of the most critical parts is the proper human resources practices for successful organizational performance (Mello, 2005). Indeed, to achieve the competitive advantages for any organization, effective human resource practices are the core foundation and decisive part for future success (Chowhan, Pries, & Mann, 2017; Hafeez & Akbar, 2015). In facts, among the different human resources practices, different organization

implement the specific HR practices to enlighten their employee productivity based on the target (Masri & Jaaron, 2017). To reward the employees with different remuneration and satisfy the employees, different types of evaluation, such as scoreboard and job succession, are used (Patwary & Omar, 2016). Other types of HR practices are implemented to increase the confidence, employees' knowledge, commitment, motivation level, skills, abilities (Alsam, Rehman, & Imran, 2016; Muqadas et al., 2017). The organization also implement the high-performance work system by which employee has sufficient knowledge of firms products, customer, and work environment, in turn, effective human capital facilitates the clients effectively (Azam, Nawaz, & Riaz, 2019). As a result, through effective human resources and their effective service organization gain financial performance. It is indicated that different organizations use the different aspects of HRM practices depending upon their company size, nature of the operation, and target market (Obeidat et al., 2016). In fact, effective HR practices strongly influence employee performance by increasing employee productivity. Similar to developed countries, a number of studies In developing countries proved that human resource is the key factor of better employee performance and successful organization (AIDosiry, Alkhadher, AlAqraa, & Anderson, 2016; Muqadas et al., 2017). For example, Glaister, Karacay, Demirbag, and Tatoglu (2018) demonstrates that employee contributes toward their work more and are better motivated once an organization provide the rewards in the form of remuneration and promotion. For example, Jones et al. (2015) suggested that without the remuneration and promotion, the organization fail to achieve the performance. Thus, it is obligatory for HR specialist and experts to undertake control and increase the confidence of the employee while conducting the HR practices. Previous studies proved that HRM practices have strong and

significant effects on employee performance (Leggat, Bartram, Stanton, Bamber, & Sohal, 2015).

#### *Workforce Differentiation and Organizational Performance*

To understand the talent management still need theoretical frameworks because of the facts that previous scholars requires the primary data about talent management in a different context, and more importantly, human resources presentational lacks evidence-based guidelines. Considering the facts, this study introduces workforce differentiation in order to discover the consequences of talent management. Through workforce differentiation, organizations invest in an insufficient resource where one expects disproportionate returns. For example, the insufficient resource becomes the resources within those certain people who facilitate to generate strategic success (Mostafa, 2016). The number of scholars shows the importance of differentiation or segmentation in managing human resource, and in fact, talent management is fundamental. Undeniably, to differentiate the talent management and human resources practices in general, workforce differentiation is one of the key principles in the organizations. For example, HRM managers keep themselves busy with managing and directing the employees in the organization while talent management focuses on the individual employees who have future potential in the field, and high on value and uniqueness (Qureshi & Evans, 2015).

Employee differentiation practices depend upon on the notion that when firms invest equally for all employees (Shahnaei & Long, 2015). To invest equally for all the employees, the organization requires unnecessary high cost. This unnecessary cost could create a burden for the company to gain better performance. Thus, resource-based viewpoints out that long-term high performance and competitive advantage depend on how the organization manages the unique resources, valuable and hard to manage resources. The economics model of transaction costs introduced by Williamson (1981) suggested investing in talent management for unique and high performing employees. For example, Zaied, Louati, and Affes (2015) contended that a company with the limited resource should focus and invest on employee retention, the best selection of employees, developing potential employees who have the unique skills with high potential to produce higher productivity. It is proved that high-quality employees provide a higher return on investment compare to the lower quality employees. Employees with the high potential could fill up the most valuable strategic positions in the organization in future and help in differentiation to gain competitive advantages (Kasemsap, 2013). Therefore, it is important to provide more handling and appreciation based on their distinct competencies and needs and to this differentiation trend at the level of organizations (H. K. Lee & Fernando, 2015). As a result, both the organization and employees are motivated to work for the organization due to their further advantages.

#### *Training and Organizational Performance*

Employee training is one of the vital tools to promote the stability index of the organization and to boost up

organizational performance effectively at the same time. It is very critical for the business enterprise to exert extra efforts and make investments plenty in employee education if it wants to gain its objectives in the most economical way. Training refers to the process of providing information to the employees for better understanding about the organization, and increase the necessary skills to achieve its goals (Nankervis, Baird, Coffey, & Shields, 2016). Through the systematic process, the employee learns how to be more effective at work by editing knowledge, skills, and attitudes via learning experience that help to accomplish effective performance (Osman, Ho, & Carmen Galang, 2011). Training should be provided to the employees by observing both the interest of employees and organization in accomplishing the objectives of the organization (Piansoongnern & Anurit, 2010). Indeed, talented human resources in the organization with Improved capabilities, knowledge and skills become the underlying source of gaining a competitive advantage in the international marketplace. Insufficient training to employees will cause both employees and organization in the long run. Organization unbales to provide sufficient training to employees means they are wasting time and money for the organization (Raven et al., 2015). Sufficient training provides employees with knowledge and skills to be an effective performer.

All kinds of training activities are involved in building and enhancing employee skills that employees can perform tasks effectively (Robbins & O'Gorman, 2015). These training can be achieved through the learning experience, motivation, coaching, which in turn, employees get a good quality of knowledge, skills, abilities (Shaw, 2015). To provide exactly needed training, the organization requires the job analysis accordingly. After analyzing job requirements skills by collecting information about the tasks, the successful organization should ensure the necessary training to perform the tasks effectively to its standard. Therefore, the organization need to ensure the gap between the current competences of individual employees and the required skills to perform the tasks (Kalaiselvan & Rasool, 2015; Muqadas et al., 2017). Training on-the-job and training off-the-job are two types of training program that are mainly provided by the organization. An on-the-job training program is designed to provide practical instruction at the workplace, frequent job rotation, and mentoring, while off-job-training refers to formal education.

Financial and non-financial are two types of measurement used to evaluate organizational performance (Top, Akdere, & Tarcan, 2015). The training program should be delivered in the right manner, according to the employees need unless the organization will waste time and money. It is fundamental for industry expertise and HR professional to connect applicants toward the training programs (Islam & Patwary, 2013).

#### *Participation in Decision Making and Organizational Performance*

Employee participation refers to the process in which employees are allowed to participate in decision making and influence over their work and the conditions under them

(Bowen, Rostami, & Steel, 2010). In other word, through the participation of employees or subordinates take some parts in decision making with hierarchical superiors. Participation in decision making is some sort of mental and emotional involvement of lower-level employees by which they are encouraged to contribute to group goals and encourage to take responsibility. Subordinates want to participate in decision making and therefore would like to see their decision works successfully. McGregor (1960), argued that in a suitable condition, the employee participates, and this opportunity influence employee to involve the organization's goals to be successful. Since subordinates get the opportunity to express their opinions and bridge the gap between high management and subordinate, employees feel a sense of belonging to the organizations. As a result, in a participative decision-making environment, employees are willing to contribute to management efforts and provide organization performance. Additionally, employee participation in management decision has a greater influence on the work environment, which in turn provide greater job satisfaction and increase effective employee commitment. Once employees have the opportunity to participate in management decision through the clear and concise information that reduces the problems and harmful political behaviour, provides quality and ownership of the organization. As a result, employees show the loyalty and obligation towards the firm and the ultimate result is better organizational performance. It is suggested that every organization should provide the clear information about company's financial and operational performance, and share the policies with personnel for the better quality suggestion, proposal, and the ideas (Fong et al., 2011). Furthermore, by enhancing employee motivation and providing opportunity into decision-making increase the employee's confidence which ensures high organizational performance.

#### *Payroll Performance and Organizational Performance*

The payroll is another human resource practice involves scheming in employee pay, determining and paying payroll taxes, and recording payroll transactions. To record the employee's hours appropriately, an organization should have a timekeeping system in place to calculate the hours to put in by nonexempt employees along with regular salary payments for exempt workers. The company must report all wages, tips, and other compensation paid that employers withhold income tax from employee earnings at the end of the years. In addition to that, companies pay the fair amount by matching with Social Security system and Medical facilities from the employees' wages. Payroll helps to control and access employee information for their convenience to maintain work-life balance and ensure safety. Human Resource management can help fulfil the potential to enhance the loyalty of your workforce while minimizing the cost and complexity employees face in their lives. For example, paying the employees with the performance increase the greater effort of employees, increase the ability with high confidence and induce more into work (Garavan, 2012). The incentive, increased salary, and remuneration in the organization are the basic performance-related pay.

Once employees enjoy the performance-related pay in the organization, employees get greater motivation and indulge themselves in work to contribute more to organizational goals (F.-H. Lee, Lee, & Wu, 2010). A study in private sector Sung and Choi (2014) ensure that reward and compensation system increase the employee performance, and ultimately, employees performance significantly effect on the organization objectives. Another study by Odhongo and Omolo (2015) showed performance-related pay are significantly related to employee performance. Greater individual employee performance is influenced by the pay-related reward, which directly affects the individual and group performance.

#### *Organizational Ethical Climates and organizational performance*

Victor and Cullen (1988) defined the ethical climate as the shared perception of the correct behaviour that should be handled in the organization. In other words, how the employees perceive the organizational climate regarding the company's established procedures, policies, and practices as well the organization's rewards system, supports the system with regards to the ethical consideration. The organization's ethical climate strengthens the normative systems to guide ethical decision-making and behavior for the employees (Odhongo & Omolo, 2015). To explain the ethical work climate, AMO theory (ability, motivation, the opportunity is the best that lead to organizational performance. This theory claims that HRM practices influence the employees by increasing the employees' ability, providing motivation, offering opportunity which leads to organizational performance. Ability refers to the employees' ability to perform the task which can be achieved through recruiting, selection, training, etc. Motivation refers to employee motivation which can be achieved through different reward and payroll, and remuneration system, and through the effective performance management system. Finally, opportunity refers to efficient job design, better industrial relations, suitable work policies and practices. It is found that AMO theory explains the relationship between HRM practices and organizational performance (Zaied et al., 2015). Particularly, the influential impacts of HRM practice and individual employees outcomes and group goals such as organization performance, profit, and turnover intention. There are limited studies found to explain the relationship between ethical work climate that lead to an organizational performance by explaining the AMO theory. Thus, this study develops hypotheses by integrating the AMO theory to explain ethical work climates and organizational performance.

*Hypothesis 1:* Workforce differentiation positively related to organizational performance in the Thai pharmaceutical industry.

*Hypothesis 2:* Training positively related to organizational performance in the Thai pharmaceutical industry.

*Hypothesis 3:* Payroll system is positively related to organizational performance in the Thai pharmaceutical industry.

*Hypothesis 4:* Organization’s ethical climate positively related to organizational performance in the Thai pharmaceutical industry.

*Hypothesis 5:* Employee participation in decision-making process positively related to organizational performance in the Thai pharmaceutical industry.

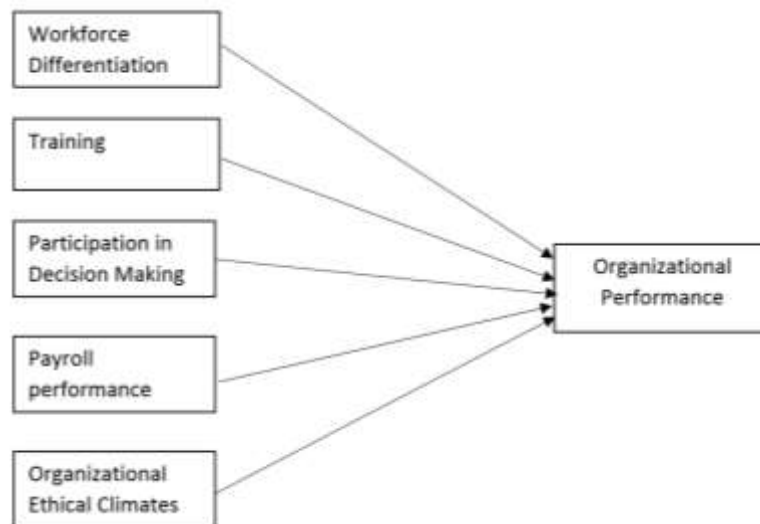


Figure 2. Theoretical Framework

## METHODOLOGY

Following the positivist paradigm, this quantitative study conducted in the Thailand pharmaceutical industry by collecting empirical data from the selected sample. Positivism paradigm believes in a deductive approach where researchers agree on previous investigated studies and further investigate by collecting empirical data in a different context (Muqadas et al., 2017). More specifically, researchers agree with previous theory and conduct the study to prove it whether true or false. This study is following a quantitative approach to test four hypotheses proposed in relation to HRM practices and organizational performance. The sample for this study is a relatively large group of people in the pharmaceutical industry in Thailand. Simple random sampling technique applied to get a response from the selected population that every respondent has an equal opportunity being selected. This study collected 320 questionnaires to investigate the HRM practice and their effect on organization performance in the pharmaceutical industry in Thailand. To test the hypotheses, 312 data utilized after data screening and structural equation modelling applied for the analysis and questionnaire distributed by the researchers directly.

### Measures

The human resource management practices were measured with scales for workforce differentiation, training, payroll system, organization’s ethical climate, and employee

participation. The outcome variable is organizational performance. All items were scored with a five-point Likert scale, ranging from (1) strongly disagree to (5) strongly agree. Workforce differentiation was measured via a four-item scale constructed by Huselid and Becker (2011). This construct reflects human resource management practice toward organizational performance. Training and development were measured with a five-item scale that focuses on the effect of training and development on organizational performance (Khan, Khan, & Khan, 2011). Participation in decision making was measured using four item-scales developed by Locke, Schweiger, and Latham (1986). This scale focused on how participation decisions affect organizational performance. In a similar vein, payroll performance was measured with five item-scale adopted from the study of Frick and Simmons (2008) which examine the payroll system on firm performance. The last construct of organizational ethical climate was also measured using 5 item-scale adopted from the study of Wang and Hsieh (2013). For the operational performance, 4-items adapted from Ravichandran, Lertwongsatien, and Lertwongsatien (2005).

### Data Analyses and Hypotheses Results

Table 2 shows the demographic distribution of the respondents for gender, marital status, age, income, education level and working experience in the industry

TABLE 2. Demographic Profile of the Respondents (n= 312)

Characteristics	Frequency	Percentage
Gender		
Male	187	59.9
Female	125	40.1
Marital Status		
Single	113	36.2

Married	199	63.8
Age (Years)		
25 years and below	90	28.8
26-35 years old	105	33.7
36-45 years old	58	18.6
46-55 years old	39	12.5
56 years old and above	20	6.4
Income		
Below 10000 Bhat	23	7.4
10000 - 30000 Bhat	77	24.7
30001- 50000 Bhat	130	41.7
Above 50000 Bhat	82	26.3
Education		
Diploma	11	3.5
Degree/Bachelor	132	42.3
Masters	137	43.9
PhD/Doctoral	32	10.3
Experience		
1-3 years	215	68.9
4-6 years	86	27.6
7-9 years	8	2.6
More than 9 years	3	1.0

As shown in Table 2, for gender, 59.9% of the respondents are male, and 40.1% are female. Majority of the respondents are married, which is 63.8% and single are 36.2%. In terms of age group, highest age group consists of "26 to 35 years" which is 33.7% followed by "25 years and below" 28.8%, "36 to 45 years" 18.6%, "46 to 55 years" 12.5% and 56 years and above is 6.4%. Majority of the respondents have the income of 30001 to 50000 Bhat which is 41.7% followed by above 50000 Bhat (26.3%), 10000 to 30000 Bhat (24.7%) and below 10000 Bhat (7.4%). For education level, majority of the bachelor and master's degree holder, which are 42.3% and 43.9% respectively, and diploma holder (4.3%) and PhD/

Doctoral degree holder is 10.3%. While looking into the job experience of the respondents, most of them have experiences of 1 to 3 years, followed by 4 to 6 years is 27.6%, 7-9 years is 2.6% and more than 9 years is 1%.

#### Study Results

The researchers examined the data using PLS-SEM to assess the human resource management practices and job satisfaction of the staff in the pharmaceutical companies in Thailand. We report results using a level of significance at  $p < .01$  and  $p < .001$ .

TABLE 3. Construct Validity & Reliability

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Ethical Climate	0.897	0.924	0.709
Participation	0.774	0.853	0.593
Payroll	0.876	0.915	0.731
Performance	0.905	0.930	0.725
Training	0.904	0.928	0.722
Dedifferentiation	0.784	0.853	0.594

To develop the study variable, several important procedures followed to constructs validity and reliability and content validity. For content validity, different operational was evaluated by reviewing the existing literature and measurement used that contains multiples items. Both the confirmatory and exploratory analysis confirm the factorability of the variables. Figure 3 represents the factor loading of individual items. Only two items show the loading above 0.60, and the remaining items in the model

exceeded the suggested loading of 0.70. All the constructs are shown in table 2 that none of the variable Cronbach alpha less than 0.70. Furthermore, composite reliability was above the accepted level. To ensure the convergent validity, the average variance extracted also checked and showed all variable exceeded the recommended value of 0.50 (see Table 3). So, all the variables confirm content validity and reliability.

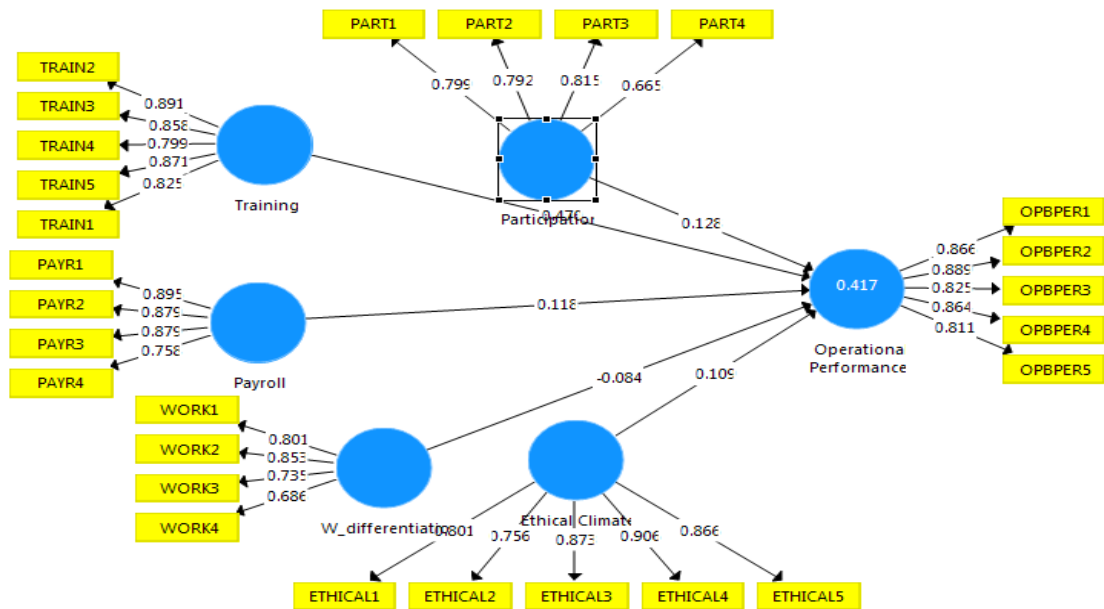


Figure 3. Measurement Model

Figure 3 shows the factor loading of individual items and confirms the confirmatory factor analysis. To evaluate the discriminant validity of the 6-variables is used in the study,

Heterotrait- and Monotrait (HTMT) analysis was performed.

TABLE 4. Discriminant Validity (HTMT)

	Ethical Climate	Participation	Payroll	Performance	Training	Dedifferentiation
Ethical Climate						
Participation	0.707					
Payroll	0.153	0.170				
Performance	0.450	0.463	0.301			
Training	0.485	0.487	0.290	0.660		
Dedifferentiation	0.094	0.143	0.057	0.084	0.087	

Result of confirmatory factor analysis shown in table 3 supports the empirical evidence of the distinctiveness of the variables. There is no correlation that exceeds the limit of maintaining HTMT value of 0.85. Thus, all the study variable ensured the discriminant validity for further analysis.

#### Structural Equation Modelling

In Smart-PLS, to observe the effects of independent variables on the dependent variable, normally two steps

followed are measurement model and structural model. Some of the criterions, such as construct validity and reliability already discussed above. In addition to that in the structural modelling equation R square also shown for the predictive ability of independent variables on the dependent variables. The value of R<sup>2</sup> (0.408) indicates that human resources practices 40% of the variation in operational performance that is caused by the five selected variables. Additionally, for the model fit SRMR value was examined, which is 0.07 means model is a good fit.

TABLE 5. The Direct effects of HRM practices on operational performance

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Ethical Climate -> Performance	0.109	0.108	0.067	1.632	0.103
Participation -> Performance	0.128	0.127	0.052	2.477	0.014
Payroll -> Performance	0.118	0.120	0.052	2.271	0.024
Training -> Performance	0.470	0.469	0.064	7.302	0.000

Dedifferentiation Performance	->	-0.084	-0.088	0.044	1.898	0.058
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In structural modelling, the total of five hypotheses was examined through the use of empirical data collected from the employees in Thailand pharmaceutical industry. Three hypotheses were accepted, and two were rejected. For a better presentation, Table 4 shows the p-value and t-value. Although having a high relationship between ethical climate and operational performance, there are no significant effects on operational performance. Thus, the hypothesis rejected. Similar to that, workplace differentiation does not have significant impacts on employee performance. In contrary to the previous studies, the findings show the negative relationship between workplace differentiation and operational performance.

Employee training facilities have positive and significant impacts on operational performance ( $\beta = .47, p < .001$ ) with a t-value of 7.3. Thus, this hypothesis accepted. In facts, employee perceives training facilities has the most influential effects on operational performance. Employee participation in decision making has positive and significant effects on operational performance which is similar to the payroll performance of the organization. Both human resources practice has quite similar impacts on operational performance. For example, employee participation on operational performance ( $\beta = .128; t=2.47$ ) and payroll performance and operational performance ( $\beta = .118; t=2.27$ ). therefore, the finding indicates payroll system and employee participation in decision making are the significant predictors of operational performance Thai culture, more especially in pharmaceutical companies.

## DISCUSSION AND CONCLUSIONS

Although the ethical work climate has importance in the business world, the findings from this study shown the contrary result in Thailand pharmaceutical industry that ethical climate does not have significant impacts. Therefore, it is important to look back the facts why this happens to observe them again with different industries in Thailand with related constructs. However, the other three factors have significant impacts on the firms' operational performance. It may be that the average mean score for the ethical climate was 5.10, that is lesser than the employee participation, payroll performance, and training facilities. By looking into the facts, the organization in Thailand should establish strategies to increase the ethical workplace. Because the organization's ethical climate strengthens the normative systems to guide ethical decision-making and behaviour for the employees (Odhon'g & Omolo, 2015). By increasing the ethical work climate practices, the organization may increase the employee commitment to the organization and produce better firm performance. Future research may bring the mediating variables in another industry or together with the industry. This might provide insightful findings. Overall, ethical work climate might be a concern in Thailand pharmaceutical industry which can cause a huge amount of money in future. Managers and companies must have a look into the facts and reason what employee look for more in ethical climate. Similar to the

previous studies, this study supports the findings of expected prediction. The training facilities found the most significant predictors of firm performance while the ethical climate was the lowest factors in finding firm performance. Organization require to the strategies that they can create a better ethical work climate along with their good payroll, training facilities, and participation in the decision-making system.

Another important fact is the workplace differentiation by which organization may keep talented employees for the competitive advantages. However, this study finds that workplace differentiation has no significant impacts. In such situations, managers and firms need to identify how they will manage the talented employees and produce better performance for the organization. Therefore, further research needed in a different field in Thailand with other related factors. It is proved that high-quality employees provide a higher return on investment compared to the lower quality employees. Employees with the high potential could fill up the most valuable strategic positions in the organization in future and help in differentiation to gain competitive advantages (Kasemsap, 2013). Therefore, it is important to provide more handling and appreciation based on their distinct competencies and needs and to this differentiation trend at the level of organizations (H. K. Lee & Fernando, 2015).

## Policy Implications

Payroll system, participation in decision making, and training facilities have significant impacts on the firms' performance. Other industries in Thailand may implement the practices from this result of the study because employee perceives those facilities are more likely to invest in work and produce better performance.

## Limitations and Recommendation for Future Studies

Despite the aforementioned implications, this study is not out of limitations. Since data collected from only one industry, this finding may not be applicable to other firms in Thailand. Thus, the replication of the study in another industry may require for generalization of the results. This study does observe mediation effects. It is important how their relationship may increase inserting other related constructs in the model. Besides, operational performance can be measured in different ways. So, different measures can provide different results. Although common method bias was the issue in the study, both employees rated and managerial rated might provide another insightful result. Due to the quantitative approach to test the theoretical study model with the cross-sectional survey, the future study may examine with a qualitative approach in finding the relationship. Although SEM is excellent in finding the effects, the longitudinal study also could provide future researcher.



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