

THE CONCEPTUAL FRAMEWORK: CAUSAL FACTORS OF HUMAN CAPITAL INFLUENCING DYNAMIC CAPABILITY FOR PERFORMANCE SUCCESS OF ALL PROVINCIAL ELECTRICITY AUTHORITY IN THAILAND

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Abstract - The purpose of this study is to investigate the causal factors of human capital influencing the dynamic capability for performance success of all Provincial Electricity Authority in Thailand because the environment has been changed. Therefore, modern organizations need to adjust their operational strategies to fit the situation, and human resources are important factors to drive through the operational mechanism to achieve the objectives. Human resources are the capital of organizations that are both strengths and weaknesses of the organization. If human capital in the organization has the ability to learn to adjust the situation, have ability to absorb knowledge from outside the organizations to develop a product or service, these will help improve the performance of the organizations; as a result, human can create the ability to think creatively that will lead to new innovations to add value to the organizations. This study is an integrated research study of quantitative research and qualitative research by developing based on literature review, the theory of human capital, the concept of cost-benefit analysis and analysis on the basis of return on investment. Activities or projects happened in the development of human resources. It is important to take into account the added value of human being as an employee in the organization by learning through education, training and development models lead to results or productivity that the organization needs. The population consisted of 976 employees of the Provincial Electricity Authority, based on the criteria of Comrey and Lee (1992) with 500 samples who were the representatives to provide the data. The data were analyzed using structural equation modeling (SEM) with AMOS technique.

Keywords - Human Capital, Dynamic Capability, Performance Success

I. INTRODUCTION

Nowadays, every organization whether it is a private organization, government or state-owned enterprise are different in their operations and need to apply modern management principles to organizations such as planning, organizing, directing, controlling, or evaluating. It is imperative that the trends of change in globalized society are influenced by the changing environment (Sompit, Sooksan, 2011). Human capital is important because they are the drivers to motivate and achieve the objectives, the goals and vision of the organization (Samma, Ratanit, 2010). Therefore, human capital is the capital of the organization that is both strengths and weaknesses. If the human capital in the organization has the ability to learn, adjust the situation, have the ability to absorb knowledge from outside the organization to develop products or services, they will help improve the performance of the organizations resulting in the ability to think creatively to lead to new innovations in order to add value to the organization. Doing these is not only make organizations survived in the transition of change but it can also create prosperity and sustainable growth (Pimolpan, Cheubangkaew, 2008).

Since "human capital" is an intangible asset and human capital management will focus on the value of people, but the problem mostly happened is what

patterns to measure of human capital that is appropriate for the present situation. Human resource management based on the old concept will use the number of personnel and the number of people trained or turn over, or performance gains and as a measure of a person's worth. However, the current day, this old concept cannot be applied to the measurement of human capital since human capital is the personal property of each employee, but it is the organizations' responsibility to use knowledge management to screen and transform tacit knowledge of employees into the explicit knowledge as quickly and as possible as the concept of human capital, they can choose to work anywhere if they have high performance. Even organizations will try to create a good working atmosphere or commendable commitment, but there is still a lot of risk that employees with human capital and development will leave, and the employees themselves will use the human capital to be benefited for the competing organization (Piyanan Sawasaringkarn, 2012), especially when the organizations are small and cannot offer adequate returns on demand or their loyalty. Consequently, it is the duty of every department, from top management, to work with professional human resource developers to find the right people and employees who own "the human capital." The human capital consists of: (1) Intellectual Capital includes knowledge and ability to

learn, specialized experience skills accumulated by the people. (2) Social Capital is a network of relationships, and (3) Emotional Capital includes features such as self-awareness, integrity, and resilience (Gratton and Ghoshal, 2003: 1-10). Human capital is the ability of a person to acquire the knowledge and skills based on education, learning, training both directly and indirectly, attitude, and motivation to be part of an organization or society for participating in the development of the organization or society to achieve the objectives and the enthusiasm that people choose to bring their knowledge, skills, experience, ability to work, including the ability to learn creating creative ideas and innovations to make the organization more competitive.

Provincial Electricity Authority (PEA) has a mission to provide electrical energy services and related businesses to meet the needs of customers to satisfy them both quality and service, to focus on continuous development of the organization being responsible for society and environment (Strategic Plan of Provincial Electricity Authority, 2016). Currently, 30,781 employees are responsible for distributing electricity to the commercial, industrial and public sectors in 74 provinces except Bangkok, Nonthaburi and Samut Prakan. The administration is divided into 4 sectors, including North, Northeast, Central and South (Enterprise Planning Division, Provincial Electricity Authority, 2016).

Most of the PEA's employee about 74% has the age between 56-60 years old. The most common problem is working knowledge. They also lack the skills to solve problems or apply new knowledge or gain new things from outside the organization to improve their work. (Strategic Plan Provincial Electricity Authority, 2016). The large organizations spend longer time in modification or management in various aspects (Onjaree, Na Takua Thung, 2007) due to internal processes have multi-step linking systems, then it takes time to build understanding, whether it is accepting new technologies, new innovations, or computer software programs that need to be developed or adapted to keep pace with the changing epoch (Pichit, Tepwan, 2011). As a result, the ability to learn to adjust or to absorb things inside and out continuously of the employees leading to dynamic workforce. When organizations create the capacity to respond to external changes, they must seek the knowledge and ability to make the organization better, so the success of the organization's work comes from human resources to create dynamic capabilities (Wang, and Ahmed, 2007).

II. RESEARCH OBJECTIVES

1) To study the influence of human capital toward the dynamic capability for performance success of all Provincial Electricity Authority in Thailand

2) To examine the relationships of human capital influencing the dynamic capability for performance success of all Provincial Electricity Authority in Thailand

III. SCOPE OF RESEARCH

This research is an integration of quantitative and qualitative research. The research places are all Provincial Electricity Authority in Thailand. There are 4 scopes of the study.

1) Content Scope focuses on the importance of human capital toward the dynamic capability for performance success of all Provincial Electricity Authority in Thailand

2) Population Scope is the Provincial Electricity Authority in all 976 regions of Thailand. The samples were employed with top level executives, educators, and operational staff of Provincial Electricity Authority or district equivalent to the provincial administration. One observation variable should have at least 10-20 samples (Schumacher Lomax, 2010). This study was based on 12 observational variables, 240 samples, and a fixed analysis. The researcher has increased the sample size to 500 by purposive sampling.

3) Area Scope focuses on informants including top level, middle level and low level executives and employees of the Provincial Electricity Authority or equivalent provincial administrative offices in each province in Thailand.

4) Time Scope sets the duration of the research within 3 years from October 2015 to September 2018.

VI. LITERATURE REVIEW

The study on the causal factors of human capital influencing the dynamic capability for performance success of all Provincial Electricity Authority in Thailand. The researcher applied the theory of human capital and extracted the relevant variables as follows;

Human Capital Theory

Human capital theory is the theory in economy field which is the most applied considering on the productivity of the employees to compare what you have invested in the form of training and education. It also relates to Cost-effectiveness Analysis which shows the relationship between increased learning and increased employee productivity. When productivity increases, the return of employees will increase as well. The higher the productivity of your employees, the higher the productivity and performance of your organization.

Human Capital

Human Capital refers to the attributes and capabilities of human beings, including knowledge, skills, and abilities, most of which come from everyone or spend

money and time to accumulate such as study, work experience, life experience including research, skills and skills to apply. It is a potential enterprise or a valuable resource for the organization to succeed in practice (Nisdark Vejanon, 2008).

The need for organizations is to emphasize on human capital as in the long term, if the personnel in the organization have the knowledge, ability and capacity to work, it will increase the efficiency of the operation being as a competitive advantage. (Thamrongsak Kongkaswat, 2007: 20-21), which can be summarized. The importance of human capital is as follows.

1) Human capital makes the organization reach its goal. At present, many organizations have adopted the Balanced Scorecard system or principle, which requires a strategy map to better understand the organization's personnel in a way that is conducive to achieving that goal. Key Performance Indicators include all aspects of customer finance, internal processes and learning and development. The goal successful organizations are derived from human resources that are equipped with the knowledge, skills, skills, and experiences that build on the individual.

2) Creating competitive advantage, this can be seen that any organization having a competent staff with knowledge, ability to perform the job properly, the organization is capable of competing with its competitors in every situation because of the human capital quality to deal with the intense competition in the current situation.

3) Focus on the continuous development of the organization to survive and success: organizations with potential human capital whether executives or practitioners will drive the organization to the goals set by increasing the value of human capital in the organization resulting in the development of the organization.

Additionally, the study of document, researches by Armstrong (2007); Orjaree Na Takuothung (2007); and Sasiwimon et al. (2012) found the measurement of human capital variables in 5 aspects as follows:

1) Individual Learning measures learning and knowledge development by creating an atmosphere in the workplace with appropriateness for learning and development. The organizations allow the freedom to think or work in order to facilitate the increase of knowledge and skills in the individual and result in the different performance.

2) Organizational Learning Orientation is the measure of organizational development in the creation of an acquisition and transfer knowledge continuously and thoroughly. In addition, it includes the change of the behavioral organization to the new knowledge that has been created and the need to regularly review errors in the organization.

3) Vision Creation is personnel need to understand and control the environment, can predict future events

that will affect the organizations in a rational way. The new model should be consistent with the organization's goals when the organizations face with the changing environment, the clear guidelines and scope of work. These must be practical and encourages compliance. The result is an organization that succeeds and grows sustainably.

4) Emotional Intelligence is personnel have the ability to know their own feelings and behaviors and the others, provide motivation to work to prepare for change, be optimistic, not give up on obstacles or problems to face. It can distinguish the reason from the senses properly and control the behavior while working with other people as well.

5) Strategic Capability is personnel can allocate resources to operate within the organizations for maximum benefit. The organizations can manufacture goods and services better than competitors. The strategy is to choose the right operation in each situation aligning with the organization's overall goals.

Dynamic Capability

Dynamic Capability means the ability of an organization to create limited adaptations of its resources in response to changing environmental conditions or the ability to recognize change and integrate the resources and capabilities of an organization. It is in line with the fast changing environment.

Based on Barreto's (2010) study, it was found that dynamic capability measurement consists of three components:

1) Absorptive Capability means the basic ability which the organizations are in place to bring outsourced knowledge to the organizations in order to create opportunities for product and service development to serve ever-changing consumer needs or to enable productivity. (Kohen and Levinthal, 1990).

2) Adaptive Capability refers to the ability of organizations to manage their resources in response to a rapidly evolving business opportunity including the ability of personnel to meet the external conditions, such as tracking consumer behavior. Monitor competitors or technological advances to respond promptly.

3) Innovative Capability refers to the ability to change ideas and knowledge into products, services, processes and systems that benefit the organization and stakeholders (Lawsoin, and Samson, 2001). Innovation in various dimensions is a strategy that promotes innovation, behavior of people in the organization, work process, Creative management, Working atmosphere, organizational culture organizational structure, effective information and technology management. The more innovative the organization is, the more likely it is for an

organization increasingly dynamic (Wang, and Ahmed, 2007).

Performance Success

Performance means the level of success in achieving the objectives. The plan and goals of the work are defined by the study of documents and research. Measurement of success in operations presents the organization with a sense of balance in its use of the Balanced Scorecard (BSC) (Kaplan, and Norton, 1996) measured in 4 areas as follows:

1) Financial Perspective refers to the measure of success for the operation and policy from the top to the various levels to implement. It will focus on profits, corporate growth and returns to shareholders. It involves the financial return and the ability to manage the budget or the expense or profit of the business.

2) Customer Perspective refers to a measure of success for customers which measure satisfaction both the positive and negative aspects of the organization's ability to meet the needs of its customers in order to benefit from the products and services.

3) Internal Process Perspective refers to a measure of the success of an organization's internal processes like the importance of being prepared to work within the organization. It is important to offer the value that customers require. The concept of a value-added supply chain can be considered to determine what processes are within the organization for creating value.

4) Learning and Growth Perspective refers to a measure of success for innovation within organizations, research and development to improve the quality of the organization which is to learn the innovation of the organizations to accept change all the time under the fluctuating economic conditions. This is a very important aspect to the future of the organizations and is also a long-term benefit to the organizations if it lacks the perspective in this field, it will not be able to achieve other objectives.

V.METHODOLOGY AND MODEL

This study is the integrative research which includes as follows:

1) Quantitative research: the instrument tool used to collect quantitative data. was questionnaire and tested the hypothesis using the Structural Equation Modeling (SEM) model to analyze the empirical data by using the AMOS program.

2) Qualitative Research used semi-formal interviews. Then, the interviews were synthesized for the consistency based on the literature review, comprehensive with human capital factors, dynamic capabilities and operational success. The consistency analysis tool was a 3-sided methodology with content analysis and the final results are analyzed together with integrated quantitative analysis.

The study of documents and research found that. Human capital is positively correlated with dynamic ability, so many organizations attach importance to human capital with effective recruitment, develop human capital skills, knowledge and ability to maintain employees to stay with the organization to achieve operational success (Oraphan Madchuang, 2014) and to help organizations achieve their goals (Ployhart and Moliterno, 2011).), and when organizations have a potential human capital, they can always respond to external changes. It shows that the organizations are competitive; therefore, organizational performance is a result of dynamic capacity building (Protogeroul et al., 2011).

This study had been reviewed from national and international document which related to 3 aspects. The first aspect is the Human Capital, which consists of 5 aspects as follows: (1) Individual Learning, (2) Organizational Learning Orientation, (3) Vision Creation, (4) Emotional Intelligence, and (5) Strategic Capability (Orjaree Na Takuothung, 2007). The second aspect is Dynamic Capability consisting of 3 aspects: (1) Absorptive Capability, (2) Adaptive Capability, and (3) Innovation Capability. The last one is the success of performance consisting of (1) Financial Perspective, (2) Customer Perspective, (3) Internal Process Perspective, and (4) Learning and Growth Perspective (Pasu Decharin, 2003). The conceptual framework for research is shown in Figure 1.

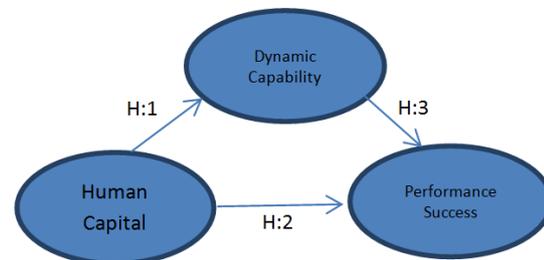


Figure 1: Conceptual Framework

From the conceptual framework, this leads to the following research hypotheses:

Hypothesis 1: Human capital has a direct influence on dynamic capability.

Hypothesis 2: Human capital has direct influence on performance success.

Hypothesis 3: Dynamic capabilities have a direct influence on performance success.

SUMMARY AND CONCLUSION

The results of the review of literature and literature on human capital factors influencing the dynamic capability for performance success of all Provincial Electricity Authority in Thailand were found that each variable was related or influenced by each other. Human capital in the organization had direct influence on the dynamics and had direct influence on

the success of the agency and dynamic capability is an important factor leading to the success of every organization.

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