

The Causal Relationship Model of Human Resource Management that affects Employee Commitment to Organizations in Social Enterprises in Thailand

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Abstract:-

➤ *Background and Aims:*

This research explores the causal relationship model of human resource management (HRM) and its effect on employees' organizational commitment in social enterprise businesses in Thailand. The objectives of this study are (1) to investigate the causal relationship model of HRM affecting employees' organizational commitment in social enterprise businesses and (2) to propose a causal relationship model of HRM that influences employees' organizational commitment in social enterprises.

➤ *Methodology:*

The study utilizes inferential statistical analysis, particularly Structural Equation Modeling (SEM). (Hair et al., 2010).

➤ *Results:*

The study confirms all three hypotheses, demonstrating that HRM has a direct positive relationship with employees' affective organizational commitment, with a direct effect (DE) of 0.418*. For continuance commitment, the hypothesis testing results showed a direct effect (DE = 0.342*) and an indirect effect (IE = 0.247*), both of which were accepted. For normative commitment, the hypothesis testing results revealed an influence with a direct effect (DE) of 0.594*.

Keywords:- Human Resource Management, Employees' Organizational Commitment, Social Enterprise Business in Thailand.

I. INTRODUCTION

Currently, the development approach under the "Thailand 4.0" initiative aims to establish a solid foundation for the country's long-term growth. "It serves as a starting point for driving Thailand toward becoming a prosperous, secure, and sustainable nation in alignment with the government's vision. This strategy emphasizes the structural reform of the economy, advancement of research and innovation, and comprehensive education reform." The approach integrates efforts across all sectors under the "Pracharath" initiative, fostering collaboration with business networks, research and development, and both domestic and

global talent, particularly in industries targeted by Thailand 4.0. The "Pracharath" collaboration aims to strengthen alliances with business partners, research organizations, and skilled professionals from within the country and around the world. It focuses on industries that align with Thailand 4.0 and contributes to the development of "new engines of growth" by leveraging the country's comparative advantages in "biodiversity" and "cultural diversity." Thai society is increasingly showing interest in and support for a new kind of organization called Social Enterprises (SEs), which differ from traditional businesses that primarily aim for profit. What sets social enterprises apart is their clear commitment to pursuing social goals. The government has endorsed social enterprises (SEs) through the Social Enterprise Promotion Act of 2019, which defines a social enterprise as a company, partnership, or other legal entity established under Thai law to engage in the production, sale, or provision of services with a primary social objective. To qualify as an SE, the organization must be officially registered under this act. SEs can also operate as a social enterprise group, consisting of individuals, communities, or legal entities united for a social mission.

Social enterprises need leaders who are not only skilled but also ethical, balancing strategic business practices with a commitment to addressing social issues, fostering environmental sustainability, and prioritizing local job creation. These leaders, known as social entrepreneurs, are driven by a strong sense of purpose and adhere to principles of good governance in managing their organizations. Social enterprises reinvest a minimum of 70% of their profits into the business or allocate them to support farmers, the underprivileged, individuals with disabilities, and other marginalized communities, instead of focusing solely on maximizing shareholder profits. Social enterprises (SEs) are crucial in aiding government initiatives to tackle social and environmental issues. Acknowledging their significance, nations such as the UK, Canada, and Singapore have introduced supportive policies and created funding mechanisms to enhance the capabilities of SEs. In Thailand, various public agencies have implemented initiatives to support social enterprises (SEs). For instance, the Revenue Department provides tax incentives for SEs that are registered with the Social Enterprise Promotion Office (SEPO). Investors who purchase shares in SEs, as well as individuals who contribute money or assets to these enterprises, are eligible for tax deductions. SEs that do not

pay dividends to shareholders are exempt from corporate income tax. Additionally, the Securities and Exchange Commission (SEC) allows SEs with certified registration to raise funds publicly without requiring standard SEC approval. At the government level, Jurin Laksanawisit, the Deputy Prime Minister, chairs the National Social Enterprise Promotion Committee. Meanwhile, Prinn Panitchpakdi, the Deputy Leader of the Democrat Party, is spearheading initiatives to modernize the economy and is actively advocating for the development of social enterprises. A number of significant events, including "Empowering Social Enterprises" and "Equipping SEs with Tools for Success," have been organized to promote youth engagement in social enterprises and SE-focused startups. These gatherings bring together collaboration from both the public and private sectors, offering participants a platform to share ideas, tackle challenges, and discover solutions.

➤ *The Success of SEs Depends on Promoting the Following Key Aspects:*

- **Social Entrepreneurship:** Leaders in social entrepreneurship need to cultivate strategic management abilities while remaining dedicated to addressing social challenges and promoting community growth.
- **Social Mission:** The primary goal of social enterprises should be to enhance social welfare.
- **Social Innovation:** Innovative approaches and creative solutions in social processes can serve as "leverage

points" for driving significant change that goes beyond the capabilities of traditional businesses.

- **Competitiveness:** To thrive and maintain sustainability in a competitive market, social enterprises must prioritize productivity, quality, and efficiency.
- **Stakeholder Engagement:** Building strong relationships with stakeholders, such as customers, offers valuable insights that drive responsible business practices and ongoing enhancement.
- **Social Ownership and Participation:** When stakeholders experience a sense of ownership, it encourages collaboration and active involvement from everyone concerned.
- **Scalability:** Social enterprises must be ready to grow their business activities as well as their positive social influence.
- **Social Impact:** Social Enterprises (SEs) should measure their success based on their ability to address social issues and create sustainable change.

In conclusion, social enterprises embody a hybrid approach that merges the altruism of charitable foundations with the innovative drive for profit to serve societal needs. To promote the growth and sustainability of social enterprises, effective human resource management is crucial. Therefore, the researcher intends to investigate the causal links between human resource management practices and employee engagement in Thai social enterprises.

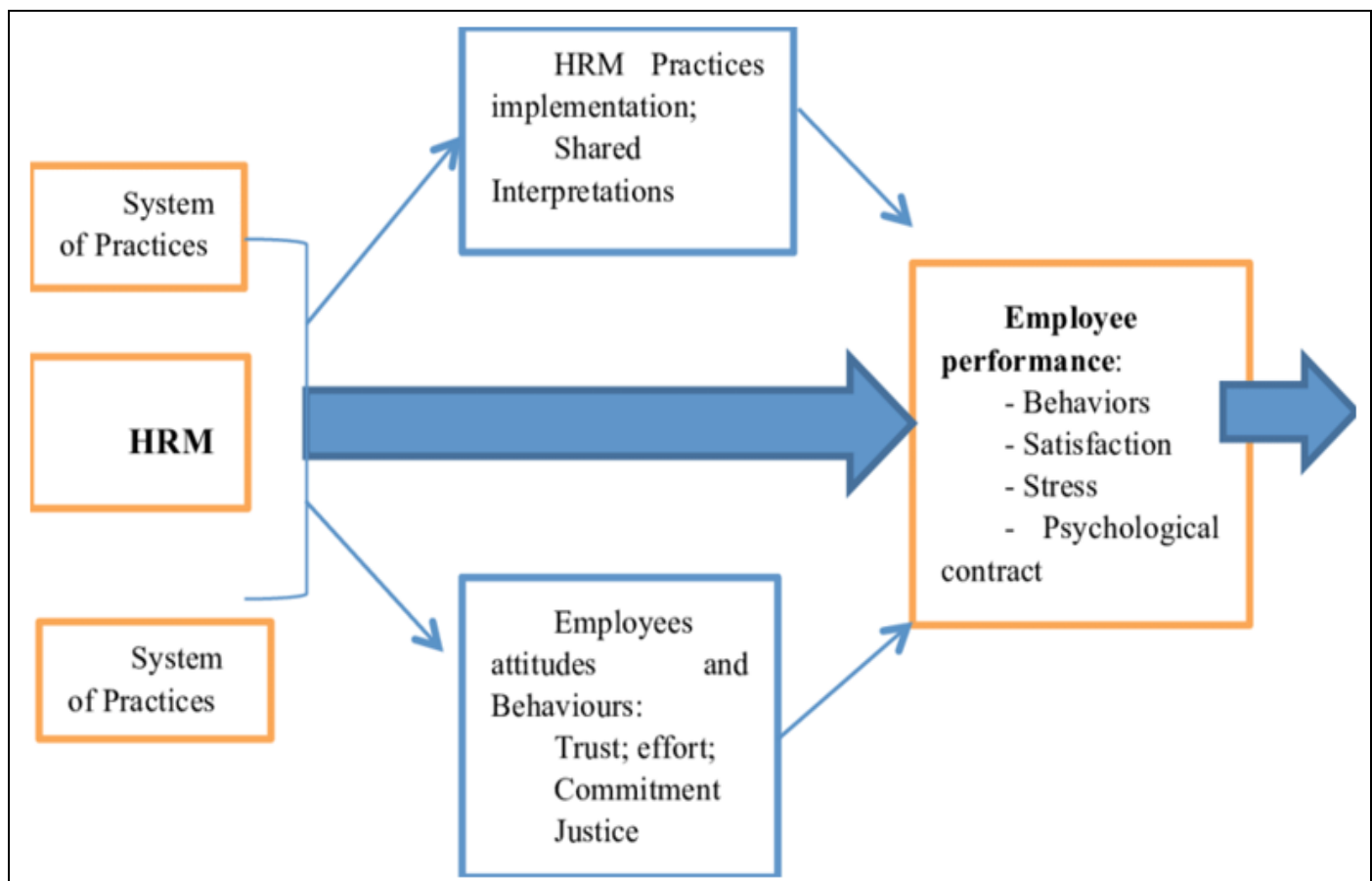


Fig 1 HRM Impact on Organizational Performance.

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➤ *The Situation becomes Complex when a Social Enterprise is Established, Owned, or Managed by a Non-Profit Organization.*

• *A Social Enterprise Embraces 4 Principles:*

- ✓ Social or environmental purpose
- ✓ Financial self-sustainability / sustainable business model
- ✓ Limited profit
- ✓ Participative governance

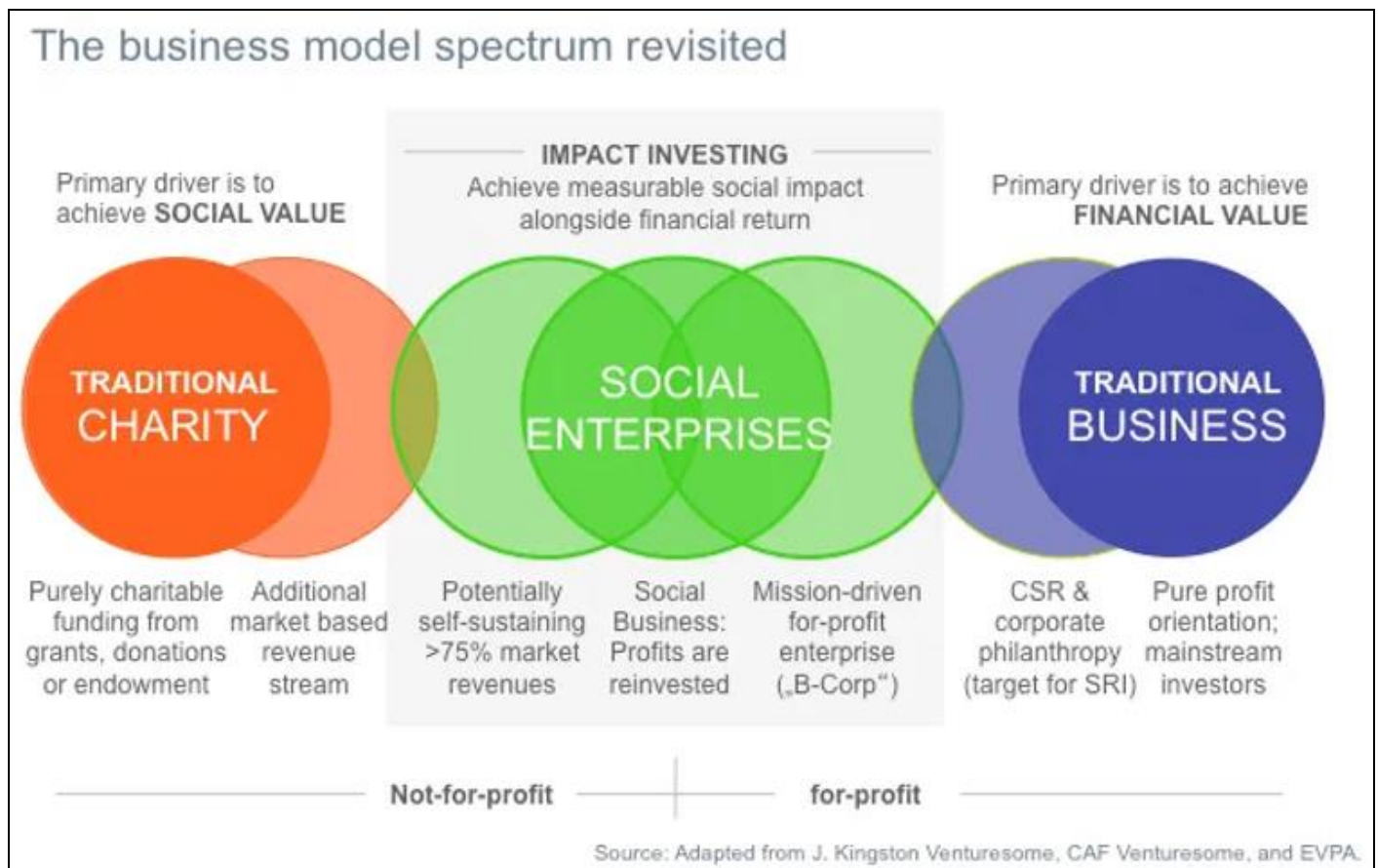


Fig.2. The business model spectrum revised

➤ *Research Objectives*

A research study examining the causal relationship between human resource management (HRM) practices and their impact on employees' organizational commitment within social enterprise businesses in Thailand. The aims of this study are

- To explore the causal relationship between human resource management and employees' organizational commitment in social enterprises.
- To propose a causal relationship model of HRM that influences employees' organizational commitment in social enterprises.

II. RESEARCH METHODOLOGY

Research Study on the Causal Relationship Model of Human Resource Management and Employee Commitment in Social Enterprises in Thailand.

- Population and sample data were collected from more than 1,000 employees. The sample size was determined to be 385 employees nationwide.
- Tools/Methods for Data Collection.

The primary research tool was a questionnaire, and structural equation modeling (SEM) was used (Hair, Black, Babin & Anderson, 2010). The study employed convenience sampling. The questionnaire was developed following these steps: 1. Analysis of Employee Demographics. The data of social enterprise employees were analyzed using descriptive statistics, including frequency, percentage, mean, and standard deviation. 2. Study of Causal Relationships in HR Management.

The study explored the causal relationship between human resource management practices—particularly recruitment and selection, training and development, performance evaluation, compensation, and benefits—and

employee commitment to the organization. This analysis focused on three key dimensions of employee commitment: affective, continuance, and normative commitment.

Inferential statistics, specifically Structural Equation Modeling (SEM), were utilized to evaluate relationships. The criteria applied included: a factor loading greater than 0.7, a Composite Reliability (CR) exceeding 0.7, and an Average Variance Extracted (AVE) of more than 0.5.

The model's alignment with empirical data was evaluated using several statistical measures, including Chi-square, p-value, Chi-square/df, and the Goodness of Fit Index (GFI). These metrics were used to assess the model's validity and its correspondence with the theoretical framework (Hair et al., 2010).

The Causal Relationship Model Linking Human Resource Management and Employee Commitment in Thai Social Enterprises: A Presentation of Tables and Figures

Table 1 Results of the Model Fit Test for the Measurement of External and Internal Latent Variables

Measurement Model	Goodness of Fit Index (GFI)					
	χ^2/df	p	CFI	GFI	SRMR	RMSEA
	≤ 3.00	> 0.05	> 0.90	> 0.90	≤ 0.08	≤ 0.08
Measurement Model for External Variables	2.389	0.000	0.974	0.910	0.046	0.059
Measurement Model for Internal Variables	2.965	0.000	0.993	0.976	0.036	0.070

The research findings indicate that the fit test results for the measurement model of both external and internal latent variables demonstrate a strong alignment between the structural equation model and the research framework, as well as the empirical data. The analysis produced the following values: ****GFI**** = 0.871, ****CFI**** = 0.962, and ****RMSEA**** = 0.062. Additionally, the ****chi-square test**** was found to be significant at the 0.05 level. While the ****GFI**** value is slightly below the 0.90 threshold, it remains close to the acceptable criterion. In contrast, the other indices meet the acceptable standards as outlined by Hair et al. (2014, pp. 577-584).

III. DISCUSSION

➤ The Results were Discovered in this Study.

- Hypothesis 1 (H1): Human resource management has a direct positive relationship with ****affective commitment**** among employees of social enterprises in Thailand, with a ****direct effect (DE) = 0.418*****. This hypothesis is accepted**.
- Hypothesis2 (H2): Human resource management has a direct positive relationship with ****continuance commitment**** among employees of social enterprises in Thailand. The test results show a ****direct effect (DE) = 0.342***** and an ****indirect effect (IE) = 0.247*****. This hypothesis is accepted**.
- Hypothesis3 (H3): Human resource management has a direct positive relationship with ****normative commitment**** among employees of social enterprises in Thailand, with a ****direct effect (DE) = 0.594****. This hypothesis is accepted**.

IV. ACKNOWLEDGMENTS

Based on a study examining the causal relationship between human resource management and employee commitment within social enterprises, this research included 385 employees and aimed to analyze how these two factors interact in social enterprises in Thailand. The research examined three dimensions of organizational commitment: affective commitment, continuance commitment, and normative commitment.. The findings confirmed all three hypotheses, demonstrating a clear impact of human resource management on employee commitment. Affective commitment Direct effect (DE) = 0.418*, Continuance commitment Direct effect (DE) = 0.342*, Indirect effect (IE) = 0.247*, Normative commitment Direct effect (DE) = 0.594. These results indicate that human resource management has a significant positive effect on employee commitment to the organization.

V. CONCLUSION

- Thai society needs to place greater emphasis on and provide support for emerging types of legal entities, acknowledging that they differ from traditional businesses focused primarily on maximizing revenue and profit through the production of goods and services. These innovative enterprises distinguish themselves by clearly identifying as "social enterprises" or "businesses for social impact."
- Human resource management is vital in various domains such as recruitment and selection, training and development, performance assessment, and compensation and benefits. These elements greatly influence employees' emotional, continuance, and normative commitment,

which are critical for advancing industries and fostering sustainable development. Consequently, this contributes to enhancing operations to meet international standards.

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