HAPPY WORKPLACE AND ORGANIZATIONAL COMMITMENT ENHANCING PERFORMANCE OF SMEs IN NAKHON PATHOM PROVINCE

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ABSTRACT

Abstract— Personnel development in the workplace of small and medium sized enterprises (SMEs) will affect the business performance in the transition to the modern economy driven by innovation. The objective of this research is to find a suitable approach to develop excellent SMEs entrepreneurs with excellence, consisting of happy workplace, and organizational commitment. Questionnaires were used as a quantitative research tool to collect the data from 500 employees in SMEs in Nakhon Pathom Province, Thailand. Structural Equation Modeling (SEM) was used as analyzing statistics. The results found that the happy workplace positively affected organizational commitment and SMEs' business performance. In addition, organizational commitment positively affected SMEs' business performance. The results of this research will be beneficial to entrepreneurs, the government, and educational agencies to be used as a guideline to form the policy and conduct further research. It is the development of SMEs that currently have high business competition from both internal and external competitors due to the opening of free trade and economic driving with modern innovation.

Keywords—Happy Workplace, Organizational Commitment, Business Performance

INTRODUCTION

Nowadays, SMEs' business performance is widely studied worldwide as it is interesting issue in enhancing their efficiency (Kafetzopoulos et al., 2019; Bhatia and Awasthi, 2018). Especially Thai SMEs entrepreneurship now encounters the difficulties (Kruasom, 2017; Pattharabanjerd, 2017; Chantanee, 2016). The development of small and medium business enterprises (SMEs) to be intelligent entrepreneurs, also known as smart enterprise, means that entrepreneurs must be free from low income generation by aiming to be an entrepreneur who creates high added value (Maysin, 2016) based on the economy driven by innovative products and services. This economic reform approach has been changed from the original concept, "So much to do, so little gained" to the new concept, "So little to do, so much gained". It has also been altered from producing commodities to innovative products by focusing on driving the country with technology, creativity, and innovation to develop Thailand's economy that are expected to have higher growth in the future, called Thailand 4.0. (Kumpirarusk and Rohitratana, 2018)

At present, it is found that most SMEs entrepreneurs still lack the readiness in many areas, such as capital, technology, and quality labor, especially the problems of substandard workers who need skills in serious work. Moreover, the business owners focus solely on their own interests (Bank of Thailand, 2021).

Consequently, it causes the workers to be unhappy with the workplace, feel unconfident in the profession, often leave work, and have no commitment to the establishment. These problems will cause the SMEs entrepreneurs to be unable to create the added value for their business and have high production costs. Therefore, SMEs entrepreneurs must have high investment at all times (Maysin, 2016). Guidelines for making SMEs entrepreneurs achieving business success are to create the value for operational staff by building happiness at workplace along with to develop specific knowledge of each employee by changing an establishment to be a happiness organization. In addition, the organization leader or the business owner must change the management approach to see the benefits that should be given to the employees in the organization according to the concept of Happy workplace. This will generate to employees' love and commitment to the organization resulting in the successful organizational performance. This guideline is in line with the 20-year long-term national strategic plan (2017-2036) which aims to building improve people's

ability for enhancing Thai society to be the strong foundation of the country (Policy and Planning Bureau of the Ministry of Interior, 2016). Moreover, It is consistent with the 12th National Economic Development Plan in Strategy 1, building for Human Ability (Office of the National Economic and Social Development Board, Office of the Prime Minister, 2017) and Strategy 3, strengthening sustainably economic competitiveness (Office of the National Economic and Social Development Board, The Prime Minister's Office, 2017). As a result, this study aims to create a model of business performance of SMEs to conduce to excellent entrepreneurs with development guidelines of the happy workplace and organizational commitment influencing the business performance of SMEs. The results can be a guideline for SMEs entrepreneurs to improve their organizations based on economic change and technological competition because resources play an important role in generating wealth economically and technologically.

LITERATURE REVIEW

2.1 Business Performance of SMEs

Sirichotirat (2016) defined business success as collaboration of people in the organization to create the balance within the organization, which must occur simultaneously in 4 areas:

1) the balance of the organizational performance that generates an income for the organization and develops the organization continuously,

2) the balance of customer satisfaction because customer satisfaction arisen from using the satisfied products of the organization. It will result in the sustainable growth for an organization,

3) the balance of effective organizational management which requires all employees in the organization to cooperate in creating the effective production and service process, and

4) the balance of the employees' satisfaction focuses on the quality of life of happy working. It reflects the good quality products resulting in customer satisfaction.

2.2 Organizational Commitment

According to Meyer and Allen (1997), employee's organizational commitment refers to the identity of a person to the organization becoming an attitude. Both employees and employers are in a process of sharing a common goal: the employees perceive rewards are sufficient to stay with the organization, and consider the costs associated with leaving the company to be too great; it is essentially a psychological state that reduces the rate of employee turnover and hence binds an employee to the organization.

Although there is no consensus on the definition of commitment, there is agreement among many researchers that a multidimensional construct should be viewed to commitment. Accordingly, by integrating attitudinal and behavioral commitments, there are3 principles of commitment that will lead to development in order to find effectiveness on the satisfaction of individuals in the organization, as shown in Figure 1 as follows

1) Affective Commitment (an individual's emotional attachment to the organization) means the commitment in terms of the employees' emotion towards the organization. Employees have strong intention and persistently continue to work for the organization

2) Continuance Commitment (a result of the intention to stay with the organization in relation to the rewards for staying and the costs of leaving) means recognition of various costs caused by the neglect and lacking sufficient attention of employees in the organization. It will be expressed in the form of continuous behavior in the work that employees continue to work with that organization or will change the workplace, and

3) Normative Commitment (a feeling of obligation that an individual stays with the organization) means the relationship with the role and function of the organization towards employees, including rules that the organization will be responsible for. The employees will show in the form of loyalty to the organization.

Figure 1
Meyer and Allen's three-component model of organizational commitment

2.3 Happy Workplace

Happy workplace means people development processes in organizations with goals and strategies in accordance with the vision of the organization to create the readiness for change and sustainable growth of the organization. There are 3 elements in the happy workplace as follows: 1) Happy People means employees are happy to work which will lead them to being a key personnel of the organization 2) Happy Home means the workplace which makes the employees feel that the workplace is the second home. It is the organization that has the creative coexistence and mutual development 3) Happy Teamwork means there is the cooperation between the community and the workplace to build the happy community (Wasontanarat and Wuttiwatchaikaew, 2017). Chowdhury (2021) suggests happiness at work comprises personality, social connections, autonomy and decision making, financial security, scope for innovation and creativity, acceptance and empathy, challenges and diversity tasks, and work-life balance, as shown in Figure 1 as follows:
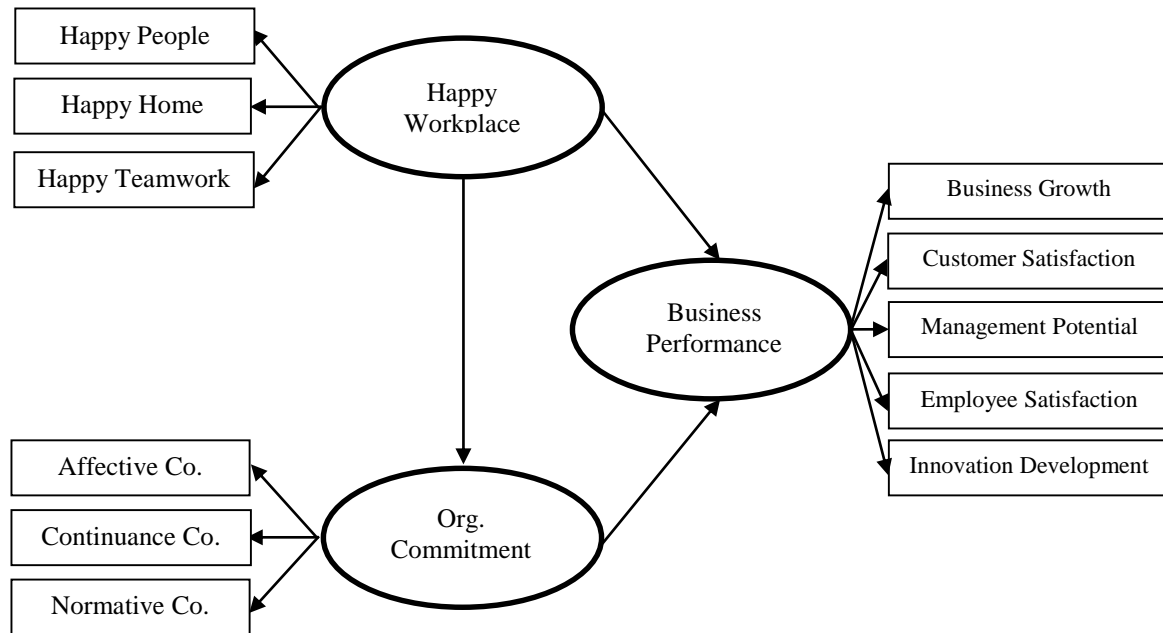

Figure 1
Happiness at work

2.4 Hypothesis Development

Phochanasombat (2016) found that happiness in the organization affected the organizational commitment personnel in Office of Disease Prevention and Control, Nakornsawan Province, Thailand. Leaders allowing personnel to express their idea, besides, is the driving factor of the organizational commitment. Moreover, Efferin and Hutomo (2021) found that happiness in the workplace related to organizational performance. In addition, Chiu et al. (2020) found that organizational commitment, consisting of value, effort, and retention, positively affected the organization performance. Therefore, the study hypothesized that:

H1: Happy workplace positively affects organizational commitment.
H2: Happy workplace positively affects SMEs' business performance.
H3: Organizational commitment positively affects SMEs' business performance.

Figure 2
Conceptual Framework

This conceptual framework was generated from the combination of the concepts, theories, and related researches, the concept of bringing happiness into the organization of Wasontanarat and Wuttiwatchaikaew (2017), the composition of the organization commitment of Meyer and Allen (1997), the concept of SMEs business performance to develop an excellent entrepreneur of Sirichotirat (2016), the concept of the organization's success from human resource process management of Kaewkhun (2013), and research of Noruzy, Dalfard, Azhdari, Shirkouhi & Rezazadeh (2013) that represented relations between variables, as shown in Figure 2.

METHODS

The research method was mixed between quantitative and qualitative method. The questionnaire was used as a quantitative research tool by collecting the data from 500 samples, employees of industrial factories in Nakhon Pathom province, which were calculated as the appropriate size for statistical analysis of structural equation modeling (SEM) (Angsuchoti, Wijitwanna & Pinyopanuwat, 2011). Firstly, the questionnaire examined by experts represented reliability with Cronbach's Alpha Coefficient of 0.832, indicating that this questionnaire has a high level of confidence (Vanichbuncha, 2010). Moreover, construct validity with second order confirmatory factor analysis: CFA^{2nd} was tested, as shown in Table 2. Confirmatory Factor Analysis (CFA) was used to test the relationship between observed variables of 13 observed variables and 4 latent variables and Structural Equation Modeling (SEM) was used statistically to examine the causal relationship among variables in the research. The Criteria to consider the goodness of fit or consistency of the model accepted was summarized as follow.

- CFA comprises first order CFA and second order CFA. First order CFA was used to test correlations among observed variables. Second order CFA was used to investigate factor loadings. As suggested by Rangsoongnern (2011), factor loadings form 0.3 to 1.0 were acceptable. CFA model fit was considered form the following statistic values – Chi-square, Relative Chi-Square, Goodness of FIT Index, Adjusted Goodness Fit Index, Tucker-Lewis Index, Comparative Fit Index, Root Mean Square Residual, Root Mean Square Error of Approximation - were used to measure model fit with the criteria suggested by Diamantopoulos and Siguaw (2000).
- Chi - Square Statistics was used to test the consistency or validity of the relationship of the hypotheses and empirical data. If the chi-square value is very high and the statistical significant, it shows that the harmonic function is significantly different from zero in statistically significant terms. Model based hypothesis is not harmonized with empirical data. The researcher had to adjust the model until the chi-square test statistic was statistically insignificant. The statistical significance level (p) is greater than 0.05, indicating that the hypothesis is consistent with the empirical data.
- Chi-Square comparing the tested model and the independent model with the saturated model is the Chi-Square divided by degrees of freedom or Relative Chi-Square. In general, values less than 2 are good, while values between 2 - 5 are acceptable.
- Goodness of Fit Index (GFI) is a measure of fit between the research model and the observed covariance matrix. If the GFI index is greater than 0.95, the model is good, while If the GFI index is between 0.90 - 0.95, the model is acceptable.
- Adjusted Goodness Fit Index (AGFI) is the adjustment of GFI affected by the number of indicators of each latent variable. If the AGFI is greater than 0.95, the model is good. While, if the AGFI is between 0.90 - 0.95, the model is acceptable.
- Comparative Fit Index (CFI) is incremental measure which is directly based on the non-centrality measure. It was improved from Bentler-Bonett Index or Normed Fit Index (NFI). CFI considers a relative degree of CFI between 0 and 1, and if the CFI is equal or greater than 0.90, the model is acceptable. While, if the CFI is equal or greater than 0.95, the model is good. Let $d = \chi^2 - df$ where df are the degrees of freedom of the model.
- Root Mean Square Residual (RMR) is the index to measure the average of error arisen from the comparison of variance matrix of empirical data from the sample and theoretical model. If RMR is less than 0.05, the model is good.
- Root Mean Square Error of Approximation (RMSEA) is the statistical value of the basic agreement about chi square. The model based on the assumption of accuracy is inconsistent with the truth. If RMSEA is less than 0.05, the model is good or it indicates that the hypothesis is consistent with the empirical data.

After that, the questionnaire was used to perform path analysis using SEM. Then, the researchers used qualitative data from in-depth interviews with 5 executives of industrial products manufacturing plants in order to use for discussion. The content analysis was used to investigate interview results.

RESULTS

4.1 Testing the measurement model

Table 1 Descriptive statistics of the constructs

	No. of items	Mean	SD	1st order loading	α	AVE
SMEs' Business Performance						
Business growth	4	3.72	0.4	(0.71-0.89)	0.71	0.519
Customer satisfaction	4	3.63	0.54	(0.67-0.77)	0.71	0.738
Potential of Management	3	3.57	0.45	(0.85-1.00)	0.74	0.675
Employee satisfaction	3	3.75	0.49	(0.78-0.86)	0.77	0.596
Innovation development	3	3.68	0.57	(0.69-0.88)	0.75	0.712
Happy Workplace						
Happy people	5	3.69	0.43	0.70-0.86	0.80	0.627
Happy Home	5	3.53	0.37	0.65-0.84	0.73	0.528
Happy teamwork	3	3.62	0.47	0.72-0.89	0.76	0.781
Organizational Commitment						
Affective Commitment	3	3.76	0.53	0.64-0.86	0.79	0.546

	No. of items	Mean	SD	1st order loading	α	AVE
Continuance Commitment	3	3.51	0.44	0.74-0.89	0.72	0.753
Normative Commitment	3	3.65	0.49	0.62-0.82	0.76	0.665

Table 2 Goodness of fit by 2nd order CFA

Index	P	x^2/df	CFI	GFI	AGFI	RMR	Critical N	RMSEA	Goodness of Fit
	>0.05	<2	>0.95	>0.95	>0.95	<0.05	>300	<0.05	
HW	0.54	0.96	1.00	0.99	0.97	0.00	805	0.02	pass
CO	0.61	0.87	1.00	0.99	0.98	0.00	1177	0.02	pass
BP	0.08	1.25	1.00	0.98	0.96	0.23	576	0.03	pass

Notes: HW: Happy Workplace, CO: Commitment, and BP: Business Performance of SMEs

Table 2 presents translations of respondents' verbatim comments relating to the measurement items finally included in the measurement model. First order factor loadings, Cronbach's α, and average variance extracted (AVE), measures demonstrate average-to-good values, depending on the factor measured. All factors reached the minimum recommended values of 0.70 for Cronbach's α (Nunnally and Bernstein, 1994) and 0.50 for the AVE (Fornell and Larcker, 1981). The obtained means and standard deviations (SD) of the used items are also represented in Table 2. Goodness of fit by second order confirmatory factor analysis (CFA) is presented in Table3. The results showed that every item of this questionnaire has a high level of weight with values ranging from 0.51-1.00. When considered the consistency by considering Comparative Fit Index (CFI), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Root Mean Square Error of Approximation (RMSEA), Standardized Root Mean Square Residual (SRMR), it was found that every model was appropriate. All constructs passed the criteria. This displayed that the data was well-empirical consistent (Angsuchoti, Wijitwanna & Pinyopanuwat, 2011).
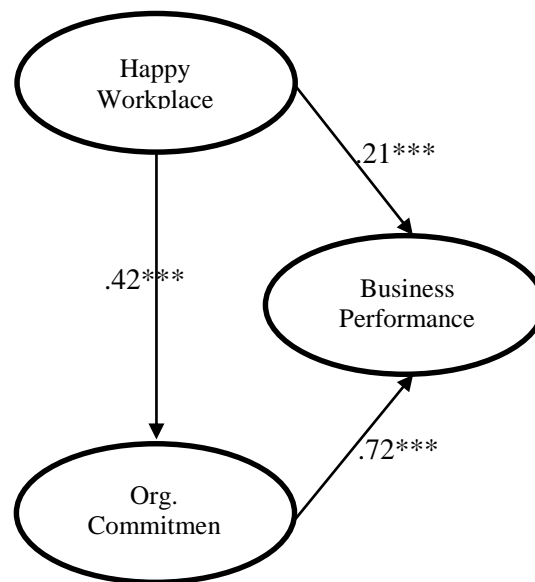
Figure 4
Structural Equation Modeling

Structural equation modeling was used to test the 3 hypotheses comprising the proposed model of the effects of happy workplace on organizational commitment, happy workplace on SMEs' business performance, and organizational commitment on SMEs' business performance. As shown in Figure 4 and Table 3, Hypothesis testing results portrayed that all hypothesis could be supported with statistical significance. The testing result of the causal relationship model of factors affecting the business performance of SMEs was found that the model is consistent with empirical data. It represented the important statistical indicators, including Chi square = 139.88, df = 116, P-value = 0.0649, RMSEA= 0.020, SRMR = 0.024, CFI = 1.00, GFI =0.97,

AGFI = 0.95. Therefore, it was concluded that this model is identical suitable.

Table 3 Hypothesis Testing Results

Hypotheses	Accept	Reject
H$_1$ Happy workplace positively affects organizational commitment.	✔	-
H$_2$ Happy workplace positively affects SMEs' business performance.	✔	-
H$_3$ Organizational commitment positively affects SMEs' business performance.	✔	-

CONCLUSION AND FUTUREWORK

The results support the important role of happy workplace and organizational commitment for creating SMEs' business performance. Second, the findings seem to support the notion of happy workplace. The important indicator of business success is employee satisfaction of working in the organization, the guidelines for providing knowledge about work, working with the executives, and the ways to create happiness of the organization which will lead the organization to become an innovative development organization because employees will learn manufacturing innovations, be able to produce innovative technological outputs in the future, and collaborate to improve work processes that are geared towards becoming an innovation-driven organization. In addition, it also affects the development of management potential that will enable the organization to grow sustainably and be a good role model for society. This will develop the country into high-income country in the future along with creating products or services that make customers satisfied because employees in the organization will work hard to get products that meet the standards and keep up with delivery to customers. Importantly, the staff will be happy to deal with customers like taking care of their own family members. Finally, it also helps the organization to grow its business well since the staff will attempt to support the development of strategies to achieve the sales target. They will support the production department to reduce losses in the manufacturing process and recognize the duties and commitment to accomplish the goals as well. This is consistent with the literature linking those phenomena in a complementary relationship (Phochanasombat, 2016; Efferin & Hutomo, 2021; Chiu et al., 2020).

It is in accordance with the interview with SMEs executives on Janurary 18, 2021. They gave the same opinion that to be successful in organizational development today, the organization has to adjust the operational guidelines to support economic changes from both internal and external competitors caused by free trade policy and technological changes. The first thing the organization must do is creating knowledge about precise work for employees because these executives believe that people who come to work in the organization would like to have the opportunity to learn jobs from organizations that they work very well for self-improvement and career advancement. In addition, the employees need stability in life and social acceptance, which corresponds to Maslow's hierarchy of needs theory (Maslow, 1954) that stated that people are motivated to achieve certain needs and that some needs take precedence over others. Once that level is fulfilled the next level up is what motivates them, and so on..

For future work, the researchers expect that this research will bring benefits to business entrepreneurs who want to develop the organization to keep pace with the technological, economic and social changes as well as government agencies and scholars. The recommendations for applying research results to the related parties are as follows.

1. SMEs entrepreneurs can use this model as a guideline to develop the organization to be an innovative and successful organization sustainably.

2. Government agencies that have direct supervision duties, such as the Ministry of Industry are able to bring the research results to develop SMEs entrepreneurs so that the government sector can benefit the most and support the development of private sector sustainably. The government agencies, moreover, may use the research results as an example to formulate policies for other industries to be involved in preparing to enter the Thailand 4.0.

3. Scholars and interested parties can apply research results as guidelines in the study and conduct further research in other industries.

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