

MODEL FOR ENHANCING THE ORGANIZATIONAL PERFORMANCE OF AIRPORTS OF THAILAND PUBLIC COMPANY LIMITED

Chutirom SUWANNAPIROM¹ and Supattra PRANEE¹

¹ Suan Sunandha Rajabhat University, Thailand; s63484945036@ssru.ac.th (C. S.); supatta.pr@ssru.ac.th (S. P.)

Article History

Received: 27 January 2023 **Revised:** 15 February 2023 **Published:** 27 February 2023

ABSTRACT

Airports of Thailand Public Company Limited (AOT) is a firm that is vital to Thailand's tourism industry, which considerably contributes to 10% of Thailand's gross domestic product (GDP). Based on market capitalization, AOT is the largest airport firm in the world and the second largest firm listed on the Stock Exchange of Thailand. This paper aims to propose a model for enhancing the organizational performance of AOT. By using the documentary research technique in studying related literatures. The results revealed that model for enhancing the organizational performance of AOT consists of organizational culture, organizational learning, transformational leadership, dynamic capability, and human resource management practices.

Keywords: Airports of Thailand, Organizational Performance, Transformational Leadership

CITATION INFORMATION: Suwannapirom, C., & Pranee, S. (2023). Model for Enhancing the Organizational Performance of Airports of Thailand Public Company Limited. *Procedia of Multidisciplinary Research*, 1(2), 5.

INTRODUCTION

Air transportation plays an important role in promoting global trade by facilitating companies' access to remote markets. It enables managers of multinational corporations to visit overseas subsidiaries in various locations and greatly aids in the creation of jobs in the tourism industry, including hotels, car rental agencies, restaurants, and local transportation. Thailand is one of many countries that depend on tourism for economic prosperity. Before the COVID-19 outbreak, Thailand's tourism revenue was close to 3 trillion baht and represented 10% of the country's Gross Domestic Product (GDP). In 2019, Thailand ranked eighth globally in international tourist arrivals, and recorded a high of 40 million visitors (Saxon et al., 2021).

An organization that is responsible for managing 6 international airports in Thailand is Airports of Thailand Public Company Limited (AOT). Based on market capitalization, AOT is the largest airport operator in the world and the second largest listed company on the Stock Exchange of Thailand (SET). AOT had been tremendously lucrative since its initial public offering in 2004. Unfortunately, the COVID-19 outbreak turned it to a huge loss. As seen in Table 1, AOT had been severely affected by the COVID-19 pandemic. Compared to 2019, its revenue and net profit in 2020 sharply dropped by 48.54% and 82.74%, respectively.

Table 1 Revenues and net profits of AOT over the period 2018-2022

Fiscal Year	2018	2019	2020	2021	2022
Revenues (M.Baht)	61,918.81	64,384.75	33,129.95	77,15.73	16,992.50
Net Profit (M.Baht)	25,170.76	25,026.37	4,320.68	-16,322.01	-11,087.87

Source: Settrade (2023)

After the COVID-19 outbreak faded in 2022, Thailand's tourism industry and AOT's financial performance began to revive. This is evidenced by increasing revenues and decreased losses. With the improvement of the tourism industry, it is anticipated that AOT would once again achieve exceptional financial results. Due to the fragile global economy, however, numerous threats lurk. In addition, Chinese tourists have not visited abroad as frequently as they did before the COVID-19 outbreak due to China's "zero COVID" policy. Therefore, AOT should improve organizational efficacy to defend against impending threats. This paper aims to (1) assess the level of organizational performance of AOT following the COVID-19 pandemic; (2) examine the influences of organizational culture, organizational learning, transformational leadership, dynamic capability, and human resource management practices on the organizational performance of AOT; and (3) propose a model for enhancing the organizational performance of AOT.

LITERATURE REVIEW

This section provides a brief literature review on the variables used in the current study.

Organizational performance - Organizational performance measures and analyzes results against goals and objectives (Marie et al., 2014). According to Olve et al. (2001), cooperation between organizational divisions is one aspect that contributes to organizational performance. Simon et al. (2015) argue that organizational performance should also incorporate non-financial metrics such as employee satisfaction and business process efficiency.

Organizational culture - An organizational culture consists of values, beliefs, assumptions, and norms that guide employees' behavior and organization activities (Martin & Terblanche, 2003). Strong organizational culture can empower employees to exchange information, expertise, ideas, and innovate (Lund, 2003). Organizational culture is frequently measured using clan culture, adhocracy culture, hierarchical culture, and market culture.

Organizational learning - Organizational learning involves producing, integrating, gaining, and transferring knowledge to improve performance (Gomes & Wojahn, 2017). It is knowledge created, exchanged, and modified by group members (Chen, 2005). Knowledge acquisition, distribution, interpretation, and organizational memory are extensively used as organizational learning measures.

Transformational leadership - A transformational leader prepares workers to accomplish their tasks (Avolio et al., 2004). Employees are highly engaged and perform better when managers take on a transformational leadership role (Pasovska & Miceski, 2018; Busari, et al., 2019). Many studies indicate that transformational leaders have idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration.

Dynamic capability - Verma and Rao (2016) explain dynamic capability as part of the mission objectives that determine how the organization integrates workers to cope with working system changes and adapt to updated needs and demands in the transitional market environment. Dynamic organizations are agile and resilient in their strategic operations, which gives them a competitive advantage over the competitors (Jantunen et al., 2018). Most literature measures dynamic capability by adaptive capability, absorptive capability, and innovative capability.

Human resource management practices - Human Resource Management (HRM) practices include staff selection, compensation management, training and development, and performance review (Ijah, 2012). HRM increases employees' skills and capacities as well as changes their behaviors and attitudes to achieve organizational goals (Jashari & Kutluovci, 2020). Several studies measure HRM practices by four variables: training and development, reward and compensation, performance appraisal, and selection and recruitment.

RESEARCH METHODOLOGY

This study applies qualitative research. Studying related literatures consists of Thai literatures and foreign literatures. Data were analyzed by using inductive method.

FINDINGS

According to figure 1, model for enhancing the organizational performance of AOT consists of organizational culture, organizational learning, transformational leadership, dynamic capability, and human resource management practices.

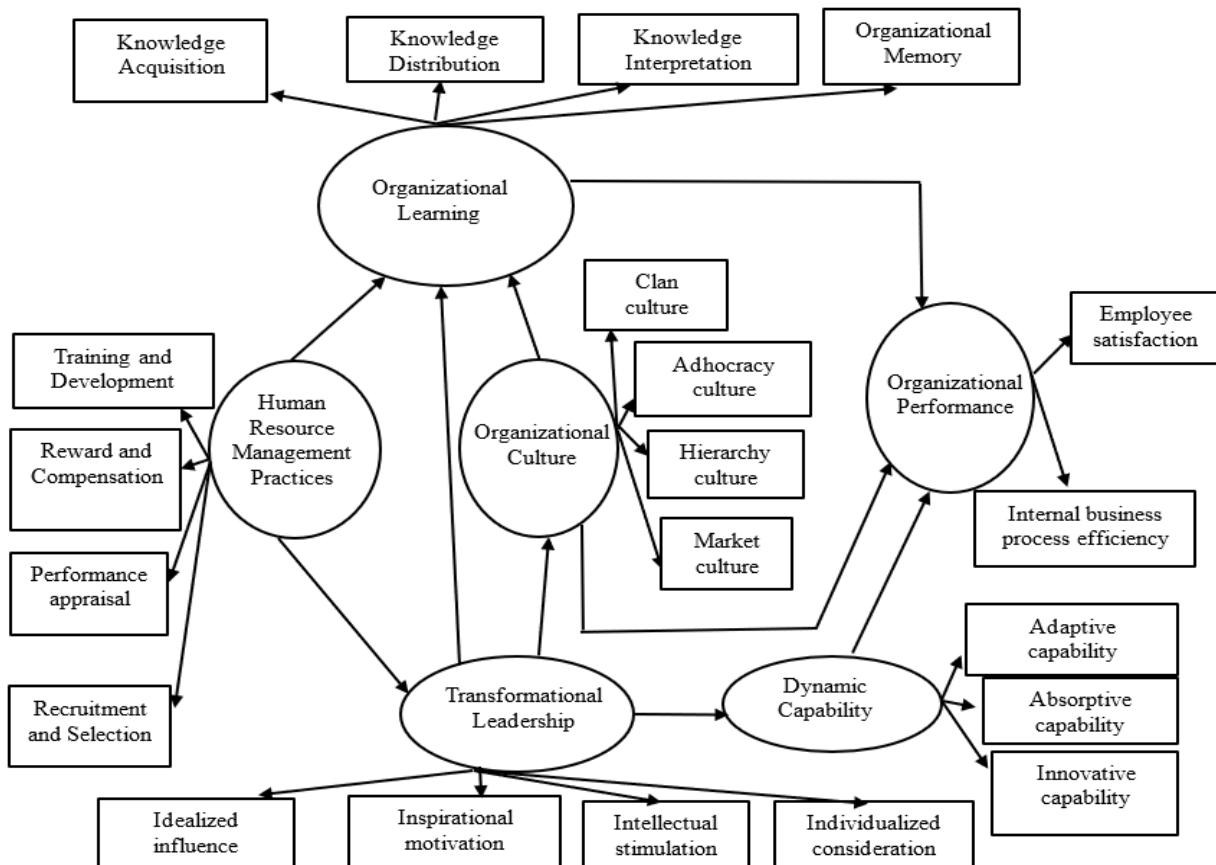


Figure 1 Model for enhancing the organizational performance of AOT

REFERENCES

- Avolio, B.J., Zhu, W., Koh, W. and Bhatia, A.P. (2004). Transformational leadership and organizational commitment: mediating role of psychological empowerment and moderating role of structural distance. *Journal of Organizational Behavior*, 25, 951-968.
- Busari, A. H., Khan, S. N., Abdullah, S. M., & Mughal, Y. H. (2019). Transformational leadership style, followership, and factors of employees' reactions towards organizational change. *Journal of Asia Business Studies*, 14(2), 181-209.
- Chen, G. (2005). Management practices and tools for enhancing organizational learning capability. *SAM Advanced Management Journal*, 70(1), 4-35.
- Gomes, G. and Wojahn, R.M. (2017). Organizational learning capability, innovation, and performance: study in small and medium-sized enterprises (SMES), *Revista de Administracao*, 52(2), 163-175.
- Ijah, A. (2012). The impact of human resource management practices in organizational performance: a study of Guinness Nigeria Plc, *International Journal of Arts and Humanities Bahur Dar*, Ethiopia, 1(1), 79-94.
- Jantunen, A., Tarkiainen, A., Chari, S., & Oghazi, P. (2018). Dynamic capabilities, operational changes, and performance outcomes in the media industry. *Journal of Business Research*, 89, 251-257.
- Jashari, A. and Kutluovci, E. (2020). The impact of human resource management practices on organizational performance case study: Manufacturing enterprises in Kosovo. *Business Theory and Practice*, 21(1), 222-229.
- Lund, D.B. (2003). Organizational culture and job satisfaction. *Journal of Business & Industrial Marketing*, 18(3), 219-236.

- Marie, A.A., Ibrahim, M.E. and Al Nasser, A.D. (2014). Effects of financial and non-financial performance measures on customers' perceptions of service quality at Islamic banks in UAE, *International Journal of Economics and Finance*, 6(10), 201-213.
- Martin, E. C., & Terblanche F. (2003). Building organizational culture that stimulates creativity and innovation. *European Journal of Innovation Management*, 6(1), 64-74.
- Olve, N.G., Roy, J. and Wetter, M. (2001). *Performance Drivers: A Practical Guide to Using the Balanced Scorecard*, Wiley.
- Pasovska, S. and Miceski, T. (2018). The impact of transformational leadership in improvement of the organizational capability. *International Journal for Innovation Education and Research*, 6(2), 235-246.
- Saxon, S., Sodprasert, J., Sucharitakul (November 30, 2021). *Reimagining travel: Thailand tourism after the Covid-19 pandemic*. <https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/reimagining-travel-thailand-tourism-after-the-covid-19-pandemic>
- Settrade. (2023). *AOT/Financial Statement/Five Years*. Retrieved from <https://www.settrade.com/th/equities/quote/AOT/financial-statement/five-years>.
- Simon, A., Bartle, C., Stockport, G., Smith, B., Klobas, J.E. and Sohal, A. (2015). Business leaders' views on the importance of strategic and dynamic capabilities for successful financial and non-financial business performance. *International Journal of Productivity and Performance Management*, 64(7), 908-931.
- Verma, P., & Rao, M. K. (2016). Organizational performance as a function of creativity components and innovation capability: an Indian perspective. *International Journal of Business Performance Management*, 17(1), 44-64.

Data Availability Statement: The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

Conflicts of Interest: The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

Publisher's Note: All claims expressed in this article are solely those of the authors and do not necessarily represent those of their affiliated organizations, or those of the publisher, the editors and the reviewers. Any product that may be evaluated in this article, or claim that may be made by its manufacturer, is not guaranteed or endorsed by the publisher.



Copyright: © 2023 by the authors. This is a fully open-access article distributed under the terms of the Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0).