The ODI Impact of Leadership Styles, Shared Values and Skills on Employee Satisfaction Elements and Employee Engagement: A Case Study of a Mid-Size Company in Thailand

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Abstract
In spite of all the attention transformational leadership and employee engagement have received, little empirical research has been conducted in Thailand where almost all of the reports on employee engagement come from the consulting field. In a departure from this trend, this action research examines the organizational development intervention (ODI) impact of leadership styles, shared values, and skills on employee satisfaction elements and employee engagement. The focal company is a mid-size family business in the personal and household products sector. It was found that, positive communication and coaching skills significantly influence employee satisfaction elements and employee engagement. It was also found that there is a significant difference between Pre- and Post-ODIs in terms of leadership styles, shared values, skills, and employee engagement.

Key words: ODI, action research, leadership styles, shared values, skills, employee satisfaction elements, employee engagement.

Introduction
This action research aimed to study the ODI impact of leadership styles, shared values and skills on employee satisfaction elements and employee engagement.

The focal organization is a Bangkok-based family business; a leading mid-size SME in the personal and household sector. It will be referred to as ‘ME’.

In Thailand the personal and household sector is considered to be a quasi monopoly in that the top three leading companies hold 95% of the market share, which considerably reduces the bargaining power of buyers. All the more as, because of the intensive capital investment required and exclusivity of the channel coverage, the possibility of seeing new entrants is quite remote. As to the threat of substitute products or services entering the market, it is also quite distant and limited to water and rags; two not-so hygienic substitutes. With 25% of the market share, ME is one of the three leaders in this sector and generates $40 million in income annually. It currently has 660 employees on its payroll.

The first of its kind to be established in Thailand, ME has now been in business for more than 40 years. And much like any other family-run entity in Thailand, no fundamental change has occurred for much of that time as it is widely believed – and indeed has often been the case – that a family organization will not go through any substantial metamorphosis unless it sees itself in ‘deep water’ and under pressure to change its way of doing business if it is to survive.

ME is no different in that respect. It is only when it started to encounter financial difficulty that the decision was made to turn to outside help.

ME is now in a transitional period and has been going through a turnaround restructuring since 2006. And for the first time in its history, it has seen its management entrusted to non-family members. All seasoned managers, they have brought in their expertise and implemented a number of changes, most notably with regard to ME organizational structure and business and corporate strategies, all pertinently encapsulated in the following tagline: “Multiple brands by multiple distributors with multiple channels.”

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One of the objectives of the company is to be listed on the Stock Exchange of Thailand (SET) by 2012. And one of the pillars of its mission, one of particular relevance to this article, is to ensure that ME employees understand that they are ME’s most valuable asset.

Starting with an assessment of ME as part of the pre-ODI process, this article will explore the theoretical background to the ODIs, articulate the research framework, and analyze their findings.

1 Organizational Assessment

Organizational assessment is the process of understanding how the organization is currently functioning. It provides the information necessary to help design ODIs (Cummings & Worley, 2005).

To determine the areas best suited for ODIs, an initial series of tests was conducted in conjunction with ME management. They included a decoding application of the human process technology called Humanology (Tayko & Talmo 2010), a framework derived from Lynch’s Whole Brain Literacy (WBL), and the Appreciative Inquiry (AI) (Cooperrider & Whitney 1999).

ME executives concluded that there should be an OD program of transformational change in order to address the vital issue of upper management low engagement, which these initial tests had helped them identify.

One of the direct consequences of low engagement is a high management turnover, which at ME has consistently exceeded 30% over the past three years. In short, ME upper management seems to be engaged in their professions yet disengaged in their organization.

Given the challenges posed by this issue and the author’s mandate to provide upper management with a clear picture of the holistic OD change process, the author conducted more situation studies. Apart from the Adizes Organizational Lifecycle assessment, a strengths, opportunities, aspirations, and results (SOAR) analysis and OD surveys in the areas of employee engagement, employee satisfaction elements and leadership were also conducted to fully understand the current organizational situation and determine the appropriate ODI to conduct at ME.

Under the Adizes Lifecycle Assessment, it was determined that ME was almost at the end of the so-called ‘GoGo’ stage and about to enter the ‘Founder/Family Trap’. The reason for this imminent move was that ME was unable to let go of its dependency on its owner; which could be interpreted as meaning either that the company was unable to develop the capabilities needed to replace its owner’s unique skills or yet that the owner was unwilling or unable to delegate effectively and decentralize power or that he was perceived as such even though this was not the case.

Although a SWOT analysis is the most often used analysis to assess an organization’s strengths, weaknesses, opportunities and threats (SWOT), the author suggested a more positive approach; one focusing only on ME strengths rather than on its weaknesses and threats. This positive approach does not mean, however, that the author overlooked ME weaknesses or threats. While organizations do have weaknesses or threats, both can be transformed under the SOAR matrix: weaknesses can be turned into new opportunities and threats into positive results. In addition, under this matrix, opportunities become aspirations.

Though reluctant and skeptical at first, as the matrix seemed too idealistic to them, most executives finally rallied around this positive approach which was thus adopted and whose findings are shown in Table 1.1.

Table 1.1 – ME’s SOAR Matrix

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Aspirations</th>
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<tr>
<td>- Competent &amp; talented executives</td>
<td>- Integrating leadership styles, shared values, and skills can improve employee satisfaction elements and employee engagement.</td>
</tr>
<tr>
<td>- Strong and successful corporate &amp; business strategies</td>
<td>- Becoming a human-asset-oriented organization</td>
</tr>
<tr>
<td>- Flexible organizational structure</td>
<td>- Focusing on management innovation</td>
</tr>
<tr>
<td>- Well-established organization with a rich history</td>
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</table>
New Opportunities
- Positive OD approach will retain existing competent workforce and also attract new talents

Positive Results
- Employee engagement can improve the sense of ownership; it will thus reduce high turn over and possible conflicts between the owners and the management (resolving the Founder Trap Lifecycle)

Source: created by the researcher for this paper

The author also convinced ME top management that a positive ODI approach was needed rather than a traditional problem-solving-decision-making one. Appreciative Coaching under the WBL framework was selected by the board of directors as the ODI.

The results of first ODI cycle were impressive. Working together as a team the owner’s family members and all the managers, a total of 55 participants, formulated a new corporate vision, mission, and strategy. As they emphasized in their evaluations of the first ODI process, there was a high level of commitment and very positive and open-hearted communication.

They also concluded that leadership shared values at ME were high involvement, positive communication, and team spirit. As for the employee satisfaction elements at ME, they identified: the people they work with, the work itself, opportunities, the compensation scheme, job security, recognition, authority, quality of life, and the organization itself.

A second ODI cycle was then designed and expanded to include all 660 employees. This second ODI process was double-loop as 30 managers and 1 observer coached themselves first in order to then coach the 600 workers.

The following research questions were formulated:
1. Is there a difference between pre- and post-ODI of leadership styles, shared values, skills, employee satisfaction elements, and employee engagement at the focal company?
2. Do leadership styles, shared values, and skills significantly influence employee satisfaction elements and employee engagement?

2 Theories Related to the Key Variables
2.1 Organizations as System

An organization is a group of people intentionally organized to accomplish a common goal or set of goals. As to a system, it refers to a collection of parts that are integrated to accomplish an overall goal. It is a perceived whole, whose elements stand together as they continually affect each other over time and operate toward a common purpose (Senge, 1994). If one part of the system is removed, the nature of the system will be changed.

Approaching organizations as systems in the OD context helps management look at organizations from a broader perspective: organizations and people are open systems in constant interaction with their environments. And open systems exchange information and resources with their environments (Cummings & Worley, 2005).

When viewed as open systems, organizations can be assessed at three levels: (i) at the level of the overall organization, which includes the design of the company’s strategy, structure, and processes; (ii) at group level, which includes group or department design and devices for structuring interaction among members, such as norms and communication modes; (iii) at the level of the individual position or job. This includes ways in which jobs are designed to elicit required task behaviors.

A system’s effectiveness is determined by the extent to which the different subsystems are aligned with each other (Ibid).

2.2 Organizational Development (OD)

Cummings & Worley (2005) argued that OD is a process that applies behavioral science knowledge and practices to help organizations develop the capacity to alter and achieve greater effectiveness, including increased financial performance and improved work life quality. This definition differentiates OD as a discipline from change management and organizational change.

First, OD aims at the total system whereas both change management and organizational change focus on modifying an organization’s strategy. Second, OD focuses on the neglected
personal and social characteristics of a system. Third, OD is concerned with managing planned change, but not in the formal sense typically associated with management consulting or technical innovation, which tend to be programmatic and expert-driven approaches to change. Finally, OD emphasizes the transfer of knowledge and skills so as to ensure that the system will still be able to manage change in the future. In conclusion, while OD will also invariably involve change management and organizational change, these two approaches may not necessarily involve OD.

2.3 OD and Change

Organizational change involves planned or unplanned transformation in an organization’s structure, technology, and/or people. Change can be developmental, transitional or transformational (Cummings & Worley 2005).
- Developmental change aims to improve an existing skill, condition, method, or performance standard that does not measure up to current or future needs. Training is the most commonly used tool for developmental change (Ibid).
- Transitional change takes place when something in the existing operating needs to be changed to better serve current and/or future demands (e.g. re-engineering, re-organizing or merging) (Ibid).
- Transformational change is about changing how to change and, as such, is a radical change in how members perceive, think, and behave at work. Learning about the organization, knowledge management, and appreciative inquiry are common tools of transformational change (Ibid).

Kurt Lewin’s (1951) three-stage change model is regarded as a cardinal foundation of action research and ODI. The three stages consist in (i) unfreezing the old behavior, (ii) moving to a new behavior, and (iii) refreezing the behavior at the new level. Even though unfreezing the old behavior may involve creating a painful or discomforting situation that will motivate people to change, once people are comfortable with the new behavior, they are unlikely to go back to the old one. As a result, the new behavior will be firmly established.

However, as Cummings & Worley (2005) explained, new tendencies have emerged. Termed either, participatory action research, action learning, action science, or self design and departing from traditional action research, they underlie a growing tendency to link organization members to learning about their organization and how to change it.

Whereas Lewin’s and other traditional action research models focus on the organization’s problems and on how to solve them, the positive model emphasizes what the organization does right. It helps members get a thorough picture of what works best within the organization and utilize those capabilities to achieve even better results (Whitney & Cooperrider 1998).

The prevailing view among commentators (e.g. Adams, Schiller & Cooperrider 2004; Whitney 2004) is that the positive model should be applied to planned change primarily through a process called appreciative inquiry (AI), which encourages a positive approach to how change is conceived and managed since change occurs at the same time an inquiry is made.

Another recent trend in OD’s evolution is strategic change, which concerns itself with improving the alignment among an organization’s environment, strategy, and organization design (Kaplan & Norton, 2006). Practically speaking, strategic change involves multiple levels of the organization. Any change in its culture will often be driven by upper management, and have important effects on performance. Such change includes, for example, mergers, acquisitions, alliance formation, and network development. Implementing strategic change will thus require OD practitioners to be familiar with competitive strategy, finance, and marketing, as well as team building, action research, and survey feedback.

An ODI is a sequence of activities, actions, and events designed to assist an organization to improve its performance and effectiveness (Cummings & Worley 2005). While change management has traditionally focused on
identifying sources of resistance to change and offering ways to overcome them, this focalization on resistance has been challenged by more recent literature that insists instead on the need to create a vision, gain support, and manage the transition toward it (Kotter & Cohen 2002; Cummings & Worley 2005; Meaney & Pung 2008).

OD scholars and consultants often integrate Kotter’s and Cohen’s (2002) 8-Step Model for Successful Change into the general model of OD planned change. The model entails:

1. Stressing the proximity of the danger zone and need for everyone to change him/herself before being forced to change.
2. Building a guiding team and starting to work together as change agent.
3. Getting the vision right and developing shared values, a vision, and a strategy for the change effort.
4. Communicating sincerely but positively. This will make people buy into the change.
5. Empowering people: top management needs to empower people who will then act on the vision when empowered and engaged.
6. Creating short-term wins to build momentum and weaken resistance to change.
7. Not letting up: There should be waves after waves of changes until the vision is fulfilled.
8. Ensuring that change remains part of the culture in spite of the pull of tradition and the change leaders’ turnover.

Typically, the biggest impediment to creating change in a group is culture. The first step in removing this obstacle should thus be to alter the norms and values; a move that would make the rest of the change effort more feasible and easier to put into effect. Yet, Kotter (1996) argued that culture change must come last, not first.

Culture, it is contended, is supposed to change only after successfully altering people’s actions, only after the new behavior produces some group benefit for a period of time, and only after people see the connection between the new actions and the performance improvement. As a result, most culture change occurs in the last stage, not the first stage.

As British economist John Maynard Keynes aptly remarked, the difficulty when implementing changes is not for people to accept new ideas, but to make them forget the old ideas. People end up changing what they do not so much because they are provided with ‘analyses’ that shift their ‘thinking’ but mostly because they are ‘shown’ a truth that influences their ‘feelings’ (Kotter & Cohen 2002). Emotionally-charged ideas will often bring the long-term change of behaviors and attitudes.

3 Review of Literature on Related Topics

3.1 Leadership

Burns (1978) defined leadership as a mobilization process by individuals with certain motives, values, and access to resources in a context of competition and conflict in the pursuit of goals.

However, as Senge (1999) cautioned, leaders should not be equated with top management as people often think that those who are not in top management positions are not leaders. In short, leadership is not merely a function of hierarchy. Identifying the similarities and differences between leadership and management has been the subject of longstanding controversies (Gill, 2006). There has been much disagreement about what distinguishes a leader from a manager. Some have argued that the two constructs are almost mutually exclusive. In a somewhat sweeping statement, Bennis and Nanus (1985), for example, claimed that "managers are people who do things right and leaders are people who do the right thing."

As Kotter (1999) argued, there must be a clear difference between management and leadership though this does not mean they have to be as diametrically opposed as Bennis and Nanus (1985) professed.

Management is about coping with complexity (Kotter, 1999). Good management brings a degree of order and consistency to key dimensions like the quality and profitability of products/services.

Leadership, on the other hand, is about using vision to handle change. Leading an organization to constructive change begins by setting a direction – developing a vision of the
distant future along with strategies for producing changes needed to achieve that vision. In short, leadership amounts to aligning and empowering people, while management ensures that plans are accomplished through controlling and problem solving.

For leadership, however, achieving a vision requires motivating and inspiring people, keeping them moving in the right direction, in spite of major obstacles to change by appealing to basic, but often untapped, human needs, values, and emotions.

Moreover, as Gill (2006) pointed out, the traditional role of a single leader - leading by command and control - no longer works because the challenges and problems facing organizations today are too complex and difficult for one person or even a small group to take care alone. One caveat though; individual leadership may still exist in small and start-up firms and in organizations where inspiration is needed to bring about transformational change.

Table 3.1 below, Gill’s (2006) comparison of the main features distinguishing a leader from a manager, reiterates the broad view that the essence of a leader lies in his/her capacity to innovate, inspire and usher in a personal vision.

Table 3.1- Comparing the Manager and the Leader

<table>
<thead>
<tr>
<th>The Manager</th>
<th>The Leader</th>
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<tbody>
<tr>
<td>Administers</td>
<td>Innovates</td>
</tr>
<tr>
<td>Is a ‘copy’</td>
<td>Is an ‘original’</td>
</tr>
<tr>
<td>Maintains</td>
<td>Develops</td>
</tr>
<tr>
<td>Focuses on systems and structure</td>
<td>Focuses on people</td>
</tr>
<tr>
<td>Focuses on control</td>
<td>Inspires trust</td>
</tr>
<tr>
<td>Takes a short-range view</td>
<td>Has a long-range perspective</td>
</tr>
<tr>
<td>Asks how and when</td>
<td>Asks what and why</td>
</tr>
<tr>
<td>Initiates</td>
<td>Originates</td>
</tr>
<tr>
<td>Accepts the status quo</td>
<td>Challenges the status quo</td>
</tr>
<tr>
<td>Is a classic ‘good soldier’</td>
<td>Is his or her own person</td>
</tr>
</tbody>
</table>

Source: Gill, 2006

Another way to approach the manager-leader dichotomy is to view a leader as a coach. As Juan Enriquez (2001), argued, when one tries to spread and sell knowledge, keeping something exclusive and rare often leads to a loss of value. The leader-as-coach concept is a reciprocal relationship in which both leaders and followers actively participate (Hicks & Peterson, 1999). As Gill (2006) argued, a leader should “avoid taking decisions as much as possible because [as a leader], your job is to teach other people how to make decisions.”

This approach has gained much popularity recently (McAlearney 2005). It is now believed that top leaders should take personal responsibility for developing other leaders in the organization and energize them to be coaches; a common practice in most successful organizations (e.g. P&G, Hewlett-Packard, and Shell).

3.2 Leadership Styles

According to Bass and Avolio’s (1995) full-range leadership model, transformation leadership is displayed more at higher levels than at lower ones but its effectiveness is the same at all levels. While the use of both transactional leadership and laissez-faire leadership (passive leadership) was found not to vary across the hierarchy, the effectiveness of transformational leadership was found to decrease above middle management level. In other words, senior managers are less directive and more participative in their leadership style than first level managers.

Typically, passive leaders avoid making decisions and taking a stand, ignore problems, do not follow up, and refrain from intervening. In terms of leadership styles, passive leaders use no particular style to any significant extent (Gill, 2006). Transactional leaders, on the other hand, practice management-by-exception and contingent reward styles. Management-by-exception can be passive and active. As to contingent reward style, it entails setting goals and performance standards, providing feedback, and providing financial or psychological rewards in exchange for performance outcome that meets expectation. It is a give-and-take leadership style.

Yun, Cox & Sims (2007) argued that transactional leadership consists in an exchange between leader and follower, in which, the leader promises a reward and the follower provides compliance. Subordinates only comply with these behaviour requirements if rewards are desired.
Transactional leaders appear to be strongly directive and tend not to use consultative, participative or delegative styles to any significant extent (Gill, 2006).

Some studies (e.g. Crowther & Olsen 1997; Yun, Cox & Sims 2007) have concluded that transformational leaders motivate followers to work for transcendental goals - as opposed to immediate self-interest - and for achievement and self-actualization, as opposed to security. Transformational leadership raises people’s motivation to act and creates a sense of higher purpose. Transformational leaders tend to resort to one or more of the following: individualized consideration, intellectual stimulation, inspiration motivation, and idealized influence.

Transformational leadership involves double-loop learning. It is not enough for transformational leaders to learn to survive; they must also enhance their capacity to create generative learning (Ikehara 1999). Whereas single-loop learning happens when an individual’s action is not achieving the expected goal, and he/she learns how to readjust his/her action to increase the probability of achieving the goal, double-loop learning occurs when an individual is able to go out of the framework of his/her meaning or goal seeking and come up with a new way of solving a particular problem or issue. In short, double-loop learning spurs deeper inquiry.

3.3 Cross-cultural Leadership

Dorfman (1997) conducted a comparison of effective leadership practices in Western and Asian countries. In a Confucian society, such as in Taiwan, directive leadership style had a significant positive influence on satisfaction with supervision. Taormina & Selvarajah (2005) found that in East Asia (China, Japan, and Korea), a directive or autocratic leadership style is used when difficult tasks need to be undertaken, while a participative or democratic leadership style is used for easy tasks. According to these two researchers, in South Asia (India, Nepal, and Pakistan), leadership tends to be both directive and paternalistic, with leaders involving themselves in the private lives of subordinates.

In Southeast Asia (ASEAN including Thailand), the predominant traditional leadership style is authoritarian, with a preference for conformity and orderliness (Ibid). While hierarchical authority and its attendant top-down leadership style worked well in Thailand in the past due to the country’s cohesive societal structure, the influx of western cultural values, globalization and modern academic mindset have created a different environment of leadership for the new Thai generations.

3.4 Leadership Shared Values

A strong corporate culture is characterized by values that are clear shared throughout the organization, such as mutual respect and trust, work-life balance, and opportunity to advance in the job and learn new skills.

Shared values are the templates through which groups and group members interpret their shared experience.

According to some studies of Thai cultural shared values (Komin 1990; Punturaumporn 2001), these values are rooted in an agricultural society, Buddhist teaching, and vertical and authoritative orientation. However, the recent socio-cultural changes under Chinese-Thai influence, high competition, industrialization, globalization, and western influence, have transformed Thai cultural shared values and behaviors into primarily high adaptability, relationship orientation, and fun-pleasure orientation.

Studies by Hofstede (2007) and Punturaumporn (2001) show Thailand, with its two highest index ranking of Power Distance Index (PDI) and Uncertainty Avoidance Index (UAI), to be somewhat unique. A high PDI is indicative of a high level of inequality of power and wealth within Thai society; a condition not necessarily forced upon the population but rather accepted by society as part of its cultural heritage. The PDI score (64) is slightly lower than the Asian average (71).

The equally high UAI points to Thai society’s low level of tolerance for uncertainty. In an effort to minimize uncertainty, strict rules, laws, policies, and regulations are adopted and implemented. As Hofstede (2007) argued, Thai society has a strong tradition of
not readily accepting change and is quite risk averse. Its UAI score (64) is slightly higher than the Asian average (58).

As Hofstede also reported, Thailand’s lowest main cultural dimension is Individualism (IDV) with a score of 20, underlining the fact that Thai society is Collectivist as opposed to Individualist. One implication is that loyalty in a collectivist culture will often override most other rules and regulations.

These shared values reveal Thai people’s preference for relation-orientation over achievement-orientation. Face-saving also underlies Thai people’s tendency to allow situations and people to serve as the major determinants of their behaviors (Roongrerngsuke & Cheosakul 2001).

Moreover, Thai society is less assertive and competitive in part because Thailand is masculine and predominantly Buddhist. It has an additional dimension, Long-Term Orientation (LTO). Shared values associated with LTO are thrift and perseverance.

3.5 Leadership Skills

Skills can be defined as the ability to do things well as a result of learning and practicing or because of some special talent and abilities. This definition is consistent with Yukl’s (1998) who argued there was a correlation between leadership traits and leadership skills.

Focusing on the interaction between situation, leader’s behavior, and follower’s response, Blanchard (1985) found that the leader’s task and relationship behaviors depend on the maturity of the followers and how motivated and capable the group members are with regard to the task.

An immature group requires a leader to institute a directing style. As the group matures and becomes more capable of accomplishing tasks, leadership behavior moves from directing to coaching to supporting and finally to delegating styles. In short, situation leadership is based on the notion that over time, individuals have the potential to develop and function on their own with little direction from the leader.

Roongrerngsuke & Cheosakul (2001) found that the Thai economy has traditionally been dominated by ethnic Chinese-Thais, not native Thais.

Thus, leadership skills in Thailand cannot be fully understood without comprehending the cultural values they brought with them. A study by Roongrerngsuke & Cheosakul (2001) shows Chinese businessmen to be opportunists ready to take risks, cope with changes and make fast decisions. Based on these findings, the traditional leadership skills or the formula for success that Chinese-Thais utilize to excel in organizational effectiveness can thus be summarized as follows:

1. Start small
2. Take risks and respond to market needs
3. Move into different types of business
4. Keep the business in the family
5. Keep capital investment low
6. Avoid extending credit
7. Build credibility
8. Cultivate long-term customers
9. Follow traditions
10. Save, save, save money

The organizational structure of these Chinese-Thai firms was generally built around the founder and a general manager, who was responsible for accounting and for managing the personnel. These organizations were operated mostly by family members. As a result, leadership skills were developed solely within the family. In most cases, the personnel management function was limited to employee history file-keeping, payroll administration and labor relations. And those in charge were rarely trained, let alone coached, any management or leadership skills.

However, in the wake of the 1997 economic crisis which resulted in organizational restructuring, lay-offs, low morale, and low productivity, business owners began to realize that they needed to acquire leadership skills to handle all these ongoing changes. Training was perceived as an appropriate strategy to train employees to attain specific skills to perform the tasks at hand as it was cheaper and faster than formal education (Roongrerngsuke & Cheosakul 2001).
3.7 Employee Engagement

Wildermuth (2008) defined employee engagement as a persistent state of work fulfillment. This fulfillment translates into enthusiasm and passion, higher-than-average levels of concentration and focus, and an irresistible boost of energy. In short, passion, focus, and energy are key components of engagement. Take away any of these elements and engagement suffers.

A number of engagement studies (e.g. Ketter 2008; Smythe, 2007; Saks 2006) have also highlighted the importance of management’s communication. But since engagement is a two-way process, employees have a responsibility of their own as well.

Three major aspects of engagement widely used in the OD consulting fields are: say (head), stay (heart), and strive (soul), (Fleming & Asplund, 2007).

Davis & Eisele (2007) concluded that employee engagement is a key element in developing customer satisfaction. Engaged employees are likely to remain loyal to the company, even in difficult times provided that the company is transparent about the challenges it is facing and its strategic direction.

Based on their study of 170 managers and 2,720 employees, Luthans & Peterson (2001) argued that engagement and leadership are highly correlated and strongly influence manager effectiveness; a conclusion also reached by Harter, Schmidt & Hayes (2002). However, their meta-analysis based on 7,939 business units in 36 companies, involving a total of 198,514 employees found that employee engagement has a positive correlation not only with customer satisfaction but also with loyalty, and financial outcomes.

According to Smythe (2007) and Woodruffe (2006), employees want to work for a company with ethics, values, and a brand promise that they can at least sanction and, at best, approve of or even have affection for. The sub-text created by this narrative is that if marketers can conduct appropriate segmentation, targeting, and positioning for their customers, why can’t an organization do it for its employees?

Finally, there is a strong link between employee engagement and organizational effectiveness. Schneider (2003), who studied employee engagement and job satisfaction in 35 companies over 8 years, concluded that engaged employees make business sustainable for a period of 5 years or longer.

4. Conceptual Framework and Research Methodology

After assessing the lifecycle stage of the organization and conducting a SOAR matrix analysis, the researcher devised an OD research that conceptually links leadership styles, shared values, and skills to the employee satisfaction elements and employee engagement by using a positive ODI approach as Figure 4.1 shows.

Figure 4.1: Conceptual Framework

Source: created by the researcher for this paper.

A sample of 30 managers plus 1 observer out of a total population of 31 managers participated in the ODI as appreciative coaches. In addition, a total sample of 150 workers out of 600 participated in the ODI as direct coaching participants with the remaining 450 workers participating in the ODI as indirect coaching participants.

All 30 managers completed the appreciative coaching program, in which they self-coached themselves while coaching at least 5 workers for a period of five months. A randomly selected sample of 300 respondents out of a total population of 630 workers completed the pre-ODI questionnaires.

245 workers ended up completing the post-ODI questionnaires - 55 workers had left the company in the meantime. Furthermore, all 30 coaches completed the self-assessing pre- and post-ODI surveys in order to compare any pre-
and post-ODI gaps and any perspective gaps between managers and workers.

4.1 Survey

The survey consisted of two assessments. Part one was intended for managers (61 questions) and part two for workers (42 questions).

The BrainMap™ self-assessment, a modification of Lynch’s Brain Technologies (Lynch, 2006), was used to diagnose specialized brain-quadrant for all managers. Leadership styles were measured by both the managers’ self-assessment and workers’ survey, using the Multifactor Leadership Questionnaire (modified from Bass & Avolio’s MLQ assessment, 2009).

The leadership style survey came in two forms. A questionnaire designed for rating the leadership behaviors of those in higher positions within the organization and a leader/manager questionnaire designed as a self-rating instrument.

The leadership style questionnaire employed a 5-point Likert scale with the following values: $0 = \text{not at all}$, $1 = \text{once in a while}$, $2 = \text{sometimes}$, $3 = \text{fairly often}$, and $4 = \text{frequently or always}$. Low scores indicated that perceived leader behaviors were inconsistent with the leadership factors and high ones that perceived behaviors were consistent with the leadership factors. The leadership styles ranged from passive to transactional to transformational.

The values shared by managers and workers (high involvement, positive communication, and team spirit) were measured through a questionnaire. The respondents rated these values based on the actual relationships between leaders and followers. In that same set, they also checked and rated the leadership skills which they thought leaders needed, such as, for example, directing, coaching, supporting, or delegating.

In addition, all the respondents recorded their own employee engagement scores using a modified survey derived from the Hewitt employee engagement model. All respondents were asked to rank the nine employee satisfaction elements and rated the satisfaction level regarding each employee element as currently experienced at ME.

4.2 Pilot Study

The researcher conducted a pilot study with 30 employees, randomly selected at both production sites. The purpose of the pilot study was to determine whether the questionnaires provided responses that were indicators of the factors needed to be examined. It also tested the translations from English into Thai and from formal Thai into informal easy-to-understand local Thai, using clear examples and easy-to-grasp definitions.

In addition, the pilot study provided the researcher with an opportunity to practice observing behaviors and improve his survey skills with a real research field.

Both validity (the research findings match reality) and reliability (the absence of errors and biases in the study) were tested in the pilot study. The confidence level was 95% and the alpha set at the 0.05 significance level. The reliability test was computed using SPSS version 15.

The T-Test for equality of means from the independent samples test was $0.386 > 0.05$, indicating that there was no statistical significant difference between the demographic factors on all variables. This pilot study was thus determined to be reliable and valid.

4.3 ODI’s

The ODI Program included the following activities:
1. Training the trainers: every manager participated in the 5-month in-house executive coaching and self-coaching programs.
2. AI and WBL Workshop: every manager participated.
3. Focus Group: every manager was scheduled to meet regularly with the researcher in a small group (5-8 persons) to share his/her coaching experiences and get some feedback.
4. Whole brain appreciative coaching (WBAC) workshop: all the managers and employees participated in this 1-day group workshop at a military training camp 150 km outside Bangkok.
5. Coaching: each manager coached at least 5 direct subordinates for 3 months on a positive topic of his/her choice (the tipping point project).

4.4 Tools for Analysis

All the data were analyzed using SPSS version 15 for windows. The T-test was used for determining the differences in participants’ leadership styles, shared values, skills, employee satisfaction elements, and employee engagement relative to gender, age, education, job level, and seniority.

The histogram of standard deviation was used to determine whether there was an evidence of normal curve. All cross-tab variables normally distributed were subject to the Pearson Correlation test at the significance level of 95% or alpha = 0.05. And all cross-tab variables considered as non-normal curve were subject to the Chi Square test. Since all the survey results were interval-based data and none of the ordinal based data were included, the researcher decided to use the Pearson Correlation test rather than the one-way ANOVA and the multiple regression (two-way ANOVA).

In addition, a qualitative study in the form of a focus group was conducted to analyze the results gathered from the quantitative test using SPSS. In this qualitative study, the correlation coefficients obtained from SPSS were therefore reconfirmed using probing questions and contents analysis.

5. Research Findings

5.1 Pre-ODI Data

The independent variables (leadership styles, shared values, and skills) were assessed by the 31 managers before the ODIs.

The findings with regard to leadership styles were: 29.0% passive; 35.5% transactional; and 35.5% transformational, respectively. Leadership shared values were ranked on a 5-point scale from highest to lowest as follows: team spirit 3.87; high participation 3.81; and positive thinking 3.68. As to leadership skills, they were found to be 6.5% directive, 25.8% coaching, 48.4% supportive, and 19.3% delegate, respectively. The managers’ coaching skills were indexed at 3.29 on a 5-point scale and the four-quadrant brain specialty results were: 0% I-Preserve; 22.5% I-Pursue; 51.5% I-Control; and 26.0% I-Explore.

Although all 31 managers completed the employee engagement assessment, only 12 of them (38.7%) were engaged. The employee satisfaction elements were ranked from highest to lowest satisfaction as follows: work 72.2%; people at work 64.5%; job security 51.0%; opportunities 48.4%; authority and quality of life 41.9%; compensation 35.5%; organization 32.3%; and recognition 29%.

5.2 Post-ODI Data

Leadership styles, shared values, and skills, the three independent variables, were assessed by 30 managers instead of 31 since the observer did not take part in the assessment. Leadership styles were assessed as: 30.0% passive; 30.0% transactional; and 40.0% transformational. With 4.07 on a 5-point scale, team spirit was ranked as the highest leadership shared value, followed by high participation 3.93, and positive thinking 3.67. As to leadership skills, they were found to be: 0% directive; 40.0% coaching; 46.7% supportive; and 13.3% delegate. Managers’ coaching skills were indexed at 3.70 on a 5-point scale. Finally, the four-quadrant brain specialty findings were: 7.2% I-Preserve; 35.7% I-Pursue; 35.7% I-Control; and 21.4% I-Explore (28 managers completed the brain map assessment).

After the ODI, 30 managers completed the employee engagement assessment and 20 of them were engaged (6.7%). The employee satisfaction elements were ranked from highest to lowest satisfaction, as follows: work 80.0%; people at work 66.7%; opportunity 60.0%; job security and compensation 53.3%; authority 50.0%; quality of life 46.7%; organization 43.3%; and recognition 36.7%.

5.3 Comparing Pre- and Post-ODI Impact

- Impact on Managers:

The transformational leadership styles between Pre- and Post-ODI changed slightly from 35.5% to 40.0%; a 12.7% improvement.
The ranking of leadership shared values remained the same: team spirit, high participation, and positive communication. However, the post-ODI score of all shared values increased from an average of 3.78 to 3.89 on a 5-point scale. Leadership skills changed quite significantly because directive orientation became zero, while coaching orientation increased by 55.0%. The manager coaching skills improved from 3.29 to 3.70 on a 5-point scale; a 12.5% growth.

The ODI caused 8 managers to change from disengagement to engagement; a 66.7% growth. The leadership variables also improved significantly: 21 managers (70%) shifted their leadership styles. 8 managers (26.7%) shifted their leadership shared values. 15 managers (50.0%) shifted their leadership skills.

A comparison between employee satisfaction elements and employee engagement helps account for the linkage of these two dependent variables. While post-ODI employee engagement improved by 66.7% all 9 post-ODI employee satisfaction elements also improved by 17.7% on average. The ranking of employee satisfaction elements remained relatively the same, except that opportunity moved up to 3rd rank preceded only by work and people at work.

**• Impact on Workers:**

The transformational leadership styles between Pre- and Post-ODI decreased slightly from 32% to 25.3% or 20.9% reduction because some workers who rated their managers with transformational style did not complete the post-ODI survey. Similar to managers’ findings, the ranking of leadership shared values remained the same: team spirit, high participation, and positive communication. Manager coaching skills improved from 3.91 to 4.27 on a 5-point scale; a 9.2% growth.

According to workers’ findings, the ODI impact improved employee engagement from 42.3% to 53.9% (a 27.4% growth). At the same time, only 5 post-ODI employee satisfaction elements improved. The ranking of employee satisfaction elements changed completely. Job security moved from 4th to 1st rank; people at work from 3rd to 2nd rank; and work moved down from 2nd to 3rd rank. The most surprising was compensation, which moved down from 1st to 4th rank as a result of the ODI impact.

5.4 Research Hypotheses

Hypothesis 1.1 (Managers):

H1.1: There is no significant difference between pre- and post-ODI.

Ha1.1: There is a significant difference between pre- and post-ODI.

With a significance level less than 0.05, Ho1.1 is rejected. The 95% significance level points to a sizable difference between the pre- and post-ODIs. The ODIs caused 8 managers to alter their shared values; 15 managers to change their skills; 21 managers to modify their styles; 10 managers to shift their brain-quadrant or brain specialty and 11 managers to shift from disengagement to engagement. In addition, whereas before the ODI, 12 managers were engaged, 11 more became engaged, raising the total number of managers engaged after the ODIs to 23.

Hypothesis 1.2 (Workers):

Ho1.2: There is no significant difference between pre- and post-ODI.

Ha1.2: There is a significant difference between pre- and post-ODI.

Among workers, the significance level with regard to leadership styles is less than 0.05; therefore, Ho1.2 is rejected. The significance level regarding opportunity, compensation, and job security, three of the nine employee satisfaction elements, is less than 0.05; Ho1.2 is thus rejected. And the significance level of employee engagement is less than 0.05, which means Ho1.2 is rejected.

There is a significant difference between the pre- and post-ODI from the perspective of employees with respect to leadership styles, three employee satisfaction elements (opportunity, compensation, and job security), and employee engagement. In short, ME workers confirmed that generally ODIs have a transformational change impact on leadership
styles, any of employee satisfaction elements, and employee engagement.

Hypothesis 2:
Ho2: Leadership styles do not influence employee satisfaction elements.
Ha2: Leadership styles influence employee satisfaction elements.

The Pearson Chi-Square Test of Crossstab between leadership styles and the 9 employee satisfaction elements indicates that all 9 employee satisfaction elements have a significance level of more than 0.05; therefore, Ho2 is accepted. Leadership styles do not influence employee satisfaction elements.

Hypothesis 3.1 (Managers):
Ho3.1: Leadership styles do not influence employee engagement.
Ha3.1: Leadership styles influence employee engagement.

The Pearson Chi-Square Test of Cross-tabulation between leadership styles and employee engagement indicates that the significance is 0.791, which is more than 0.05; therefore, Ho3.1 is accepted. Leadership styles do not influence employee engagement from the viewpoint of managers.

Hypothesis 3.2 (Workers):
Ho3.2: Leadership styles do not influence employee engagement.
Ha3.2: Leadership styles influence employee engagement.

The Pearson Chi-Square Test of Cross-tabulation between leadership styles and employee engagement indicates that the significance is 0.73. Since this is more than 0.05, Ho3.2 is accepted. Leadership styles do not influence employee engagement from the viewpoint of workers.

Hypothesis 4:
Ho4: Leadership shared values do not influence employee satisfaction elements.
Ha4: Leadership shared values influence employee satisfaction elements.

The Pearson Correlations Test between the 3 leadership shared values (team spirit, positive communication, and high participation) and the 9 employee satisfaction elements indicates that 5 of the employee satisfaction elements (people at work, work, opportunity, authority, and quality of life) have a significance level that is less than 0.05; therefore, Ho4 is rejected. The results are as follows:
1. Team spirit influences people at work.
2. Positive communication influences the work itself.
3. Team spirit influences the work itself.
4. High participation influences opportunity.
5. Positive communication influences opportunity.
6. Team spirit influences opportunity.
7. Positive communication influences authority.
8. Team spirit influences quality of life.

Hypothesis 5.1 (Managers):
Ho5.1: Leadership shared values do not influence employee engagement.
Ha5.1: Leadership shared values influence employee engagement.

The Pearson Correlations Test between leadership shared values and employee engagement indicates that positive communication has a significance level of 0.004; less than 0.05, which means Ho5.1 is rejected. Positive communication influences employee engagement from the perspective of management.

Hypothesis 5.2 (Workers):
Ho5.2: Leadership shared values do not influence employee engagement.
Ha5.2: Leadership shared values influence employee engagement.

The Pearson Correlations Test indicates that the significance level is less than 0.05; therefore, Ho5.2 is rejected. Three leadership shared values (high participation, positive communication, and team spirit) significantly...
influence employee engagement from the viewpoint of workers.

Hypothesis 6:
Ho6: *Leadership skills do not influence employee satisfaction elements.*
Ha6: *Leadership skills influence employee satisfaction elements.*

The Pearson Chi-Square Test between leadership skills and employee satisfaction elements indicates that all 9 employee satisfaction elements have a significance level of more than 0.05; therefore, Ho6 is accepted. Leadership skills do not influence employee satisfaction elements.

Hypothesis 7.1 (Managers):
Ho7.1: *Leadership skills do not influence employee engagement.*
Ha7.1: *Leadership skills influence employee engagement.*

The Pearson Chi-Square Test between leadership skills and employee engagement indicates that all leadership skills have a significance level of more than 0.05; therefore, Ho7.1 is accepted. Leadership skills do not influence employee engagement from the perspective of management.

Hypothesis 7.2 (Workers):
Ho7.2: *Manager Coaching skills do not influence employee engagement.*
Ha7.2: *Manager Coaching skills influence employee engagement.*

The Pearson Chi-Square Test between manager coaching skills and employee engagement indicates that all manager coaching skills have a significance level that is less than 0.05; therefore, Ho7.2 is rejected. Manager coaching skills significantly influence employee engagement from the viewpoint of workers.

Hypothesis 8.1 (Managers):
Ho8.1: *Employee satisfaction elements do not influence employee engagement.*
Ha8.1: *Employee satisfaction elements influence employee engagement.*

The Pearson Chi-Square Test between Employee satisfaction elements and employee engagement indicates that 5 employee satisfaction elements (opportunity, compensation, job security, recognition, and, organization) have a significance level of less than 0.05, which means Ho8.1 is rejected. These five elements influence employee engagement.

Hypothesis 8.2 (Workers):
Ho8.2: *Employee satisfaction elements do not influence employee engagement.*
Ha8.2: *Employee satisfaction elements influence employee engagement.*

The Pearson Chi-Square Test between employee satisfaction elements and employee engagement indicates that 4 employee satisfaction elements (opportunity, job security, recognition, and organization) have a significance level which is less than 0.05; therefore, Ho8.2 is rejected. These four elements influence employee engagement.

5. Conclusion and Recommendations
5.1 Research Conclusion

The findings from the managers’ survey indicated that the ODIs markedly changed leadership styles, shared values, skills, employee satisfaction elements, and employee engagement; a fact which the workers’ survey confirmed.

The ODI impact on leadership styles helped ME managers realize that leadership styles themselves are not as critical as the ability to shift styles.

The findings from the managers’ survey also indicate that there is a significant relationship between leadership shared values (positive communication) and employee satisfaction elements and between leadership shared values (positive communication) and employee engagement.

Similarly, according to the workers’ survey, there is a significant relationship between leadership shared values (high involvement,
positive communication, and team spirit) and employee satisfaction elements on the one hand and between leadership shared values (high involvement, positive communication, and team spirit) and employee engagement on the other.

The research findings showed that manager coaching skills improved significantly after the ODI. Similarly, ME workers indicated clearly that manager coaching skills were highly related to employee engagement.

Finally, the empirical results indicated that the employee satisfaction elements were significantly related to employee engagement. The impact of the ODI on employee engagement was very high. During the entire research study period (June 2009- May 2010), there was no management turnover at all; a major departure from previous trends at ME. Employee engagement improved by 66.7% and 8 managers went from disengagement to engagement. The employee satisfaction elements with regard to management included opportunity, compensation, job security, recognition, and organization and those with respect to workers opportunity, job security, recognition, and organization.

5.2 Recommendations

The ODI program at ME was about learning how to learn by coaching others managers learn about coaching themselves. The discovery at ME was that coaching skills were the primary leadership skills needed to develop other leadership skills, such as directing skills, supporting skills, delegating skills. Coaching at ME was an action-base learning how to learn and changing how to change. Leadership shared values that were found to significantly influence coaching skills at ME was positive communication.

This research links leadership variables (positive communication and coaching skills) to employee satisfaction elements (opportunity, job security, recognition, and organization) and ultimately to employee engagement (see Figure 5.1).

As part of the ODI, whole brain appreciative coaching (WBAC) turned out to be suitable and effective OD tools for a transformational change of leadership styles, shared values, skills, employee satisfaction elements, and employee engagement as evidenced by the pronounced differences between Pre- and Post-ODI with 95% significance level. The ODIs caused 27% of ME managers to alter their shared values; 50% to modify their skills; 70% of to change their styles; 36% to change their brain thinking concept; and 44.5% to shift from disengagement to engagement. The ODI program also successfully raised the number of engaged managers at ME from 12 to 20 out of a total of 30 managers. In other words, the employee engagement score jumped up from 38% to 67%; a significant increase indeed.

Figure 5.1: The Leadership-Engagement Model

Source: created by the researcher for this paper

The most important leadership variables found by this research are coaching skills and positive communication. This is because by coaching leaders learn how to learn to learn. Therefore, coaching skills with positive communication are the primary skills leading leaders to other leadership skills more effectively and ultimately improve employee engagement.

The manager-as-coach concept is a double-loop learning process since, by coaching followers, the manager coaches him/herself and learns WBL from the appreciative coaching process.

5.3 Implications for Future Research

In this research, WBL and AC provided an approach to link transformational leadership to employee satisfaction elements and employee engagement. However, due to time constrains, this research was not able to link employee engagement.
engagement to financial performance and organizational effectiveness. Any future research studying the linkage among leadership, engagement, financial performance, and organization effectiveness will be beneficial to many business organizations and to the academic field.

Future studies may also be needed to further explore SMEs or large-size organizations, and non-family-business types of organizations, such as non-profit organizations or organizations in the government sector.

Another limitation to this action research was that this research was derived from one medium-size family-business organization based solely on one-time period (two ODI cycles) and was largely dependent on the researcher’s interpersonal and intrapersonal skills. As a result, the researcher acknowledged that further research on these interpersonal and intrapersonal elements in terms of how they can affect the success of AC and WBL may be very useful.

Finally, since AC and WBL offer a very flexible framework that can be used in many different ways in response to the differing aims and objectives of an organization, it could be argued that AC and WBL flexibility, combined with a lack of clear instruction and how-to-do guidelines, may mean that they are ambiguous and potentially flawed. Some critics (Grant & Humphries, 2006; Alverson & Smagac, 1998) of WBL and AC might argue that it is not possible to link AC under the WBL framework. This could prove to be an interesting area for further research and one that could fill the gap of AC & WBL in literature and practice.

References


