### SUSTAINABLE LEADERSHIP: HONEYBEE PRACTICES IN THAI SMALL MANUFACTURING COMPANY



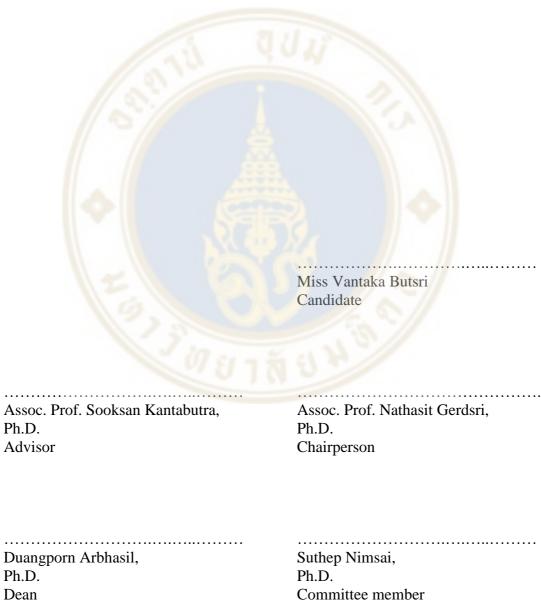
A THEMATIC PAPER SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF MANAGEMENT COLLEGE OF MANAGEMENT MAHIDOL UNIVERSITY 2017

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## SUSTAINABLE LEADERSHIP: HONEYBEE PRACTICES IN THAI SMALL MANUFACTURING COMPANY

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#### **ABSTRACT**

This paper adopts Avery and Bergsteiner's 23 sustainable leadership practices which derived from sustainable enterprises and were categorized into three groups of practices; foundation practices, higher-level practices and key performance drivers. These practices finally lead to the performance outcomes which are brand and reputation, customer satisfaction, financial performance, long-term shareholder value and long-term stakeholder value. The framework is to examine the business practice in Thai small manufacturing business named Triviwat Intertrade Co.,Ltd. Data collection was carried out through interviews with management and employees together with observation during a company visit. The study found that 21 out of 23 Honeybee leadership elements are practicing at the company in various degrees. The result suggests that Honeybee leadership framework can be applied at Thai small manufacturing company to create sustainability.

**KEYWORDS:** Honeybee Leadership/ Sustainability/ Manufacturing Company

58 pages

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# CHAPTER I INTRODUCTION

Starting up the business is not a difficult task while it is more difficult to stay competitive and survive in the high competition and fast-changing market.

Leadership is one of the key to success for businesses. Also, leadership approaches for an organization has been developed over the time from transactional to organic leadership. Sustainable leadership is one of the approaches for a successful business.

Corporate sustainability has becoming an increasingly important issue in both academic and business world. It is widely studied and applied in European countries and United States of America but unfortunately received only little attention from businesses in Thailand. There are only limited study and application of sustainable leadership in Thai's context.

Sustainable leadership or Honeybee leadership is not only focusing on generating short term profits and satisfying stockholders, it is concerned various aspects equally in order to stay in the business in the long term. The aim of sustainable leadership is aiming at greater and more sustainable returns, keeping and valuing employees and driving innovation within an organization. Therefore, short-term profit is not the only sole intention of a sustainable enterprise but rather a long-term success of an enterprise as a whole.

Triviwat Intertrade in one of a few glass syringes and medical supplies manufacturers in Thailand or in Asian market. The company has been operating in the market for over 40 years. The business has been growing and expanding continuously over the time. Their customers are not limited to domestic market only but also in international market. Their main customers are US and Japanese market. The industry and their customers required the company to be highly innovative and have high quality standard. As a family business that has been growing over the time, sustainability of the business when passing on to the next generation is becoming a big concerned of the owners. This case study focuses on identifying the characteristics that fulfill the requirement of sustainable leadership practices or can be called as "Honeybee Leadership Practice" in Thai company, Triviwat Intertrade. It examines which elements under sustainable leadership should be improved in order to be sustainable.

To determine the fit of the company characteristic and sustainable leadership, the literature on Honeybee leadership practices is reviewed in the next chapter, Chapter 2. In chapter 3, methodology used to assess the sustainable leadership and the result and analysis are presented in chapter 4. Practical recommendations and conclusion are shown in chapter 5 to enhance the company sustainability.



# CHAPTER II LITRATURE REVIEW

#### 2.1 Problem

Family-owned businesses are those with two or more family members that are engaged. The majority of ownership and control lies within a family. It is considered as the oldest form of business organization. The study also shows that only 10% of family businesses pass to the grandchildren's generation.

Triviwat Intertrade Company has been doing business for more than 40 years. The family business was founded in by the father (1st generation) and was passed on to the two sons which are the second generation of the family. Then, the question has been raised about the future of the business.

#### 2.2 Sustainable Leadership

According to Avery (2005), a sustainable enterprise is the one that: delivers strong performance, able to endure difficult economic or social situation and maintains a leadership position in the market.

Sustainable leadership is a management approach that focuses to deliver better and more sustainable returns, reduce undesirable employee turnover and accelerate innovation. It embraces the humanistic aspect of management by including value of people and considers the firm as a contributor to social wellbeing (Avery and Bergsteiner 2011). In brief, the purpose of sustainable leadership is to maintain people, profits and the planet in balance over the life of the firm and also ensure that the business generates social capital enough during the downturn.

#### **2.3 Honeybee Practices**

The "Honeybee" leadership concept was introduced by Avery and Bergsteiner (2010,2011) as a resilient and humanistic approach to organizational sustainability that builds on Rheinland sustainable leadership practices that Avery (2005) determined earlier. The Honeybee leadership approach is considered as the first few comprehensive frameworks in the sustainable leadership literature.

The core of Honeybee leadership lies in the long-term and delivery of its outcomes more responsible to various stakeholders. Honeybee leadership assumes that the company can only be sustainable if its operating conditions is sustainable and if all involved parties' basic needs are taken into account. (Avery and Bergsteiner 2011)

There are 23 elements in the Honeybee practices are grouped into three categories: foundation practices, higher-level practices and key performance drivers.

#### **2.3.1 Developing people**

Staff training and development are invested heavily in the organization and a skilled workforce is valued in Honeybee leadership approach. It is not only limited to technical skills that are developed but also people's interpersonal and management skills are focused. Training programs are planned and updated to assure that employees develop the social and technical proficiencies required to accompany the changing of business objective.

Training is also not limited to higher-rank people in the organization but rather spread throughout the organization. Many Honeybee organizations 'grow their own manager', as they developed people from junior level through middle and top management level.

#### 2.3.2 Labor relations

Considering that Honeybee employers rely heavily on the highly skilled workforce, the existence of cooperative relationship between employer, employees and/or employee representatives is required. Thus, collaboration with unions is considered important for Honeybee leadership concept.

Labor-management collaboration is easier when there is a small number of union and relatively centralized and coordinated collective bargaining. Also, employee representatives could also be benefited in managing change means that employee representative can assist both management and staff in dealing with the human side of change.

#### 2.3.3 Retaining staff

Taking a short-term path by laying off people or short-term contract works against being innovative which create great drawbacks in the sectors where innovation and quality are critical. Staff retention could begin with recruiting people whose value match with organizational values. Managing employees' career aspirations would help enhancing retention.

In Honeybee practices, employees are the significant assets for the company which plays a key role in creating values for the company. Organization with Honeybee practices tries to retain and redistribute employees in difficult time.

#### 2.3.4 Succession planning

Honeybee leadership practice favor the promotion form within the organization rather than hire an outsider. In certain circumstance such as rapid growth, the newcomers are also acceptable but they are carefully selected and recruited into the existing organizational culture. In case that external managers are hired, Honeybee firms will not put them in the top positions. Rather than that, new managers will be put into the company's succession plan and mentored for a period to ensure that they fit with the role and culture.

#### 2.3.5 Valuing staff

The firm's performance can be boosted not only by improvement of operations and technology, cost saving and other financial methods. It can be raised through the focus on values that employees bring in the business. These people focus strategies include providing employment security, recruiting people with cultural fit, sharing information, ensuring financial incentive and promoting from within. Commonly, Honeybee firm's employee benefits and recognition exceed their competitors. This creates strong loyalty that supports the firm in difficult time. When employees feel valued, it provided them the reason to say with the company. As a result, it helps retain people.

#### 2.3.6 CEO and Top team

In Locust practice firms, all leaders are accounted for the success or failure of the business. They are treated preferentially when things go well and a different treatment when things go wrong. In Honeybee leadership, a team-based approach is more preferable which means that a top management team is responsible for strategic decisions. The role of CEO can either be speaker of a group of equals or as the final authority. Team leadership empowers the company to pursue a consistent course while having the people and resources heading towards the same direction. The top team focus also develops sustainability by ensuring the continuity of strategy, decisionmaking, corporate culture and management styles in the condition that something happens to the CEO. Quality of decisions tends to increase from sharing responsibilities also.

#### **2.3.7 Ethical behavior**

Honeybee organizations aim to prevent wrong-doing by putting ethical behavior in the organization's culture. People are required to do the right thing and bonded to a set of principles, code of conducts and values that support ethical behavior. People in Honeybee organization are also inspired to act the best way they can, so the organization become virtuous.

#### **2.3.8** Long- or short-term perspective

One major difference between the Locust and Honeybee approach is the time perspective. Honeybee leadership values the long term. One major management challenges for business is a solid performance. However, Honeybee leadership resists these pressures by acknowledging that overall performance is better when it is average over the longer timeframe. Stakeholder relationships, planning, financial, other performance measurement, innovation, managing staff and investment plan are concerned in long term perspective within the Honeybee organization.

#### 2.3.9 Organization change

Globalization demands the firms to develop new skills all the time. Many other external factors also force the firms to adapt including rapid changes in technologies, customer needs and process. At a basic level, firms take continuous development and adapt to new situations. Honeybee organization prefers incremental change rather than upheaval change. Under Honeybee practice, a planned and managed process is done when a major change is required. Honeybee organization encourages and rewards continuous improvement all the time. A major change is viewed as a considered and systematic process whenever possible.

#### 2.3.10 Financial markets orientation

Financial and accounting outcomes are the main drive in the business world nowadays. Short-term perspectives on growth, profit and share price are major concerns for Locust-based organization while Honeybee organization challenges the financial market differently. Some might avoid any involvement with the markets and many firms may choose to remain private rather than listed publicly. However, a listed Honeybee organization will rise to the financial market or carefully manage their relationship.

#### 2.3.11 Responsibility for environment

Responsibility for environment is the core to honeybee organization which is based on two ideas of ethical and pragmatic. Under ethical consideration people have no right to damage other's health or quality of life. While the pragmatic consideration believes that destroying the earth create no long-term value to the firm. The environmental protection could come from any stakeholders in the honeybee businesses. The honeybee organization is committed to protect the environment whether or not it is required by the law.

#### 2.3.12 Social responsibility (CSR)

Businesses that contribute positively to society are considered to prove the corporate social responsibility (CSR). CSR activities can take in many forms such as donation, sponsor, volunteer, investment in environmental or humanitarian projects or

establish charitable foundations. Definitely, big firms usually have more resource to appoint in CSR than SMEs. However, small family-owned businesses can also actively involve with the local communities.

#### 2.3.13 Stakeholder consideration

Honeybee enterprise view shareholders and owners' interest can be best met when the interests of all those who need to contribute to enrich the shareholders are together taken care of. These contributed people include employees, customers, supplier, managers, board members, the media, governments, other partners and even future generations. The honeybee business considers a wider range of stakeholder interests.

#### **2.3.14 Vision's role in the business**

A strong vision is expected to share among employees in Honeybee enterprise. The nature of vision can be varied between different businesses. Some business might use formal vision statements or a shared organizational philosophy while others might derive from its brand and reputation from explicit statements. Visionary organization is very clear on their objectives. Only employees who fit with the firm's core values, belief and culture are selected. It is extremely important for Honeybee organization to make sure that firm's vision and employees are aligned. Therefore, it is required to pay high attention on recruitment and selection process to ensure a good employee fit with the company.

#### 2.3.15 Decision-making

Decision-making in Honeybee organization tends to be both devolved to the lowest level within the firm and seek for consensual. Because power tend to be dispersed throughout the organization, a participative and devolving decision-making is possible under Honeybee leadership. Decisions are not limited only to the top level of the organization. Basically, participation in decision-making is pushed down to the lowest operational level within Honeybee organization. One of the results is that innovations come from all over the company where ordinary staff are enabled. Allowing people to make decision that affect their work on an on-going basis can be called as empowerment.

In order to reach a consensus in decision required greater time for people to be heard and can be frustrating for those who need an immediate outcome. Consensus involves getting approval of a decision within a group.

#### 2.3.16 Self-management

Self-managing employees are those who control their own behavior, initiative and self-lead which means that not all employees are self-managing. Organization that wish to have a self-managing staff need to create these requirements into their recruiting, selection and induction process in order to make sure of this. Selfmanaging employees would initiatively work toward a direction or shared vision shown in a strong organizational culture. In a Honeybee organization, people at all levels can be self-managing.

#### 2.3.17 Team orientation

Teamwork and collaboration has become increasing important in achieving business goals and developing competitive advantage for the company, especially in this fast-changing and knowledge-based organization. Teams allow firms to have greater flexibility and create faster response to change than many individual workers. Therefore, in Honeybee organization, employees who can self-manage, communicate with others, work in teams and take responsibility are very crucial.

#### **2.3.18** Culture

An informal norms and rules that govern people's behavior within an organization is called organizational culture. In Honeybee organizations, they are clear on what they stand for and where they are going. In creating and maintaining a consistent organizational culture, it requires a long-term perspective. To ensure that people are fir with the culture, Honeybee organization will seek for a person whose values are fit with the firm's culture.

#### **2.3.19** Knowledge-sharing and retention

Companies are becoming more dependent on ability and willingness of their employees to share their knowledge and thus promote learning within the company. Many companies are creating communication environments in which encouraging staff to share knowledge in informal ways such as staff kitchen, informal meeting in coffee shops and others. Knowledge sharing is easier in Honeybee organizations due to their long-term focus on retaining and valuing their staff, continuous people development, high trust culture and teamwork.

#### 2.3.20 Trust

Trust is complex and difficult to measure as it can be operated in various directions. For example, trust among employees, trust between employees and management or trust between employees and the company. Provision of training and development program, information sharing with employees can be used as a signal of trust within the company. Therefore, Honeybee organization tends to have higher degree of trust within its organization.

#### 2.3.21 Innovation

In Honeybee firms, systemic innovation in products, services, processes and management is the core. Innovations are incremental especially in process and management. New ideas are originated from all level within an organization, staring from production workers, customers, suppliers and various stakeholders.

#### 2.3.22 Staff engagement

Staff engagement is directly related to staff motivation and satisfaction. Staff is encouraged to emotionally engage with the workplace in Honeybee organization. One contribution to staff engagement within the company is empowerment or feeling of being empowered. Structures, systems and processed at the organization level create a climate of empowerment that affects performance of individual.

#### 2.3.23 Quality

The core of Honeybee organization is to achieve the highest quality possible and promote excellence. Various approaches can be used to identify quality which are product, customer, manufacturing or even money.

At the end, all 23 elements drive five performance outcomes that create organizational sustainability. The performance outcomes include brand and reputation, customer satisfaction, financial criteria, long-term shareholder value and long-term stakeholder value.

## **2.4 Honeybee Practices in Thailand**

2.4.1 Sustainable leadership at a leading Asian industrial conglomerate (Kantabura and Avery, 2013)

The study focuses on the business practices of Siam Cement Group (SCG), Thailand's largest conglomerate. The results show that the conglomerate has adopted Honeybee 23 principles. 19 elements were found to be strongly evident where the four new elements of trust, vision, staff engagement and self-managing are included. Trust is shown between employees and employer as well as customer and society towards the company due to its socially responsible and ethical behavior. Vision and set of shared values drive the business through the CEO to make sure that everyone understood from the beginning. The company show evidence of consulting and empowering its people, valuing their opinions, providing career paths, developing opportunities and creating strong loyalty and involvement in the company.

However, the culture of high power-distance within Thai's society forms the heroic leaders for the current and the past CEO in the organization. Also a noticeable amount of collective leadership was evident in the organization. 2.4.2 Sustainable leadership at Thailand's oldest university (Kantabura and Saratun, 2012)

The purpose of this study is to adopt 23 sustainable leadership practices to examine the leadership practices at oldest university in Thailand. The result demonstrates that the university's practices is consistent with 21 elements in sustainable leadership while other two elements does not show strong evident to support; top-team speaker and financial market practices. The non-conform elements that the former and current university presidents appear to be highly respected as a heroic leader due to the high power distant culture value in Thailand.

The principles of long-term perspective found at the university comprise of improvement of shared strategic directions, involvement and collaboration in decision making and a set of shared values. Staff development and the core values as an organizational culture are regarded as important. The university's various disciplines and continuously find solutions for the society obviously shows the innovation within the university. Social responsibility and ethical behavior are considered as important aspects in the core values of the university. This study presents that a public service organization can apply the sustainable leadership.

#### **2.5 Honeybee Practices in Family Businesses**

Evidence from the available research shows that enterprises with relation to their founder or family-owned are more likely to operate under Honeybee than Locust leadership philosophy. A crucial part of being a sustainable enterprise is being financial viable. The evidence also shows that overall firms that are still related to their founders financially outperform those independently owned. Another uniqueness of family business is that they strive for independence from the financial markets. This does not mean that their external capital is limited but they rather do it with debt rather than equity. Also, the family businesses usually take long-term perspective because they do not have external pressure from capital market. The last Honeybee elements found in family businesses is the focus on ethical behavior and social responsibility. (Avery and Bergsteiner 2011).

#### **2.6 Research Proposition**

Based from 23 elements of Honeybee leadership practice, the research proposition is listed below.

P1: The foundation of developing people affects the company's sustainability.

P2: The foundation of labor relation affects the company's sustainability.

P3: The foundation of retaining staff affects the company's sustainability.

P4: The foundation of succession planning affects the company's sustainability.

P5: The foundation of valuing staff affects the company's sustainability.

P6: The foundation of top team affects the company's sustainability.

P7: The foundation of ethical behavior affects the company's sustainability.

P8: The foundation of long-term perspective affects the company's sustainability.

P9: The foundation of organization change affects the company's sustainability.

P10: The foundation of financial markets orientation affects the company's sustainability.

P11: The foundation of environmental responsibility affects the company's sustainability.

P12: The foundation of social responsibility (CSR) affects the company's sustainability.

P13: The foundation of broad stakeholders affects the company's sustainability.

P14: The foundation of vision affects the company's sustainability.

P15: The foundation of decision making affects the company's sustainability.

P16: The foundation of self-management employees affects the company's sustainability.

P17: The foundation of team orientation affects the company's sustainability.

P18: The foundation of organizational culture affects the company's sustainability.

P19: The foundation of knowledge sharing and retention affects the company's sustainability.

P20: The foundation of trust affects the company's sustainability.

P21: The foundation of innovation affects the company's sustainability.

P22: The foundation of staff engagement affects the company's sustainability.

P23: The foundation of quality affects the company's sustainability.

## **2.7 Research Question**

As research evident has shown that Honeybee practices are applicable with business in Thailand and family-owned business, this paper would examine whether Honeybee principles can be implemented in Thai family-owned business, Triviwat Intertrade, to improve business sustainability.

The next chapter, Chapter III, will discuss a research methodology used to explore the propositions.



# CHAPTER III RESEARCH METHODOLOGY

To answer the research question, in-depth interview with open-ended questions and non-participant observation (during the company visit) methods are adopted as the data collection approach. The in-depth interview allows for obtaining in depth data and making sure that interviewees understand the questions and provide useful answers for this research paper (McDaniel & Gates, 2013). The non-participant observation allows for collecting data relating to the organization's environment and employees' behavior with no requirement to ask direct questions to people involved.

Open-ended questions are used in the interview because interviewees' feeling, experience and perspective on their organization are required in analyzing the level of Honeybee leadership practices in the organization. The open-ended questions are designed to encourage more meaningful and effective answers and to reduce confusion of interviewees from interviewees. Therefore, it is more appropriate to use open-ended question in the interview rather than close-ended questions that would provide only short answers.

A list of open-ended questions is developed to prepare for gathering the most efficient answers from the respondents within appropriate interview time. The list of questions help to identify which question is for whom to answer. Some questions only required a certain group of people such as owner, manager or employees. A set of different questions for different level of interviewees is to make them feel more comfortable in answering the interview questions. The set of open-ended questions are provided in Table 3.1.

**Table 3.1 Interview Questions** 

No.	Leadership Elements	Questions	Interviewee
		- What do you think about developing people?	Owner
		- Do you think it is important to develop all employees?	Owner
		- How much budget does the company spend for training in each year?	HR
1	Develop people	- What kind of training programs are developed for all employees? Examples?	HR
		- Any training programs for new employees?	HR
		<ul><li>How do you select people to be trained?</li><li>How often does the company provide training?</li></ul>	Owner/HR Employee
2	Labor relations	- Does your company has labor union?	Owner
3	Retaining staff	<ul> <li>What is the average working time for employee in the company?</li> <li>Does your company have high staff turnover rate?</li> </ul>	HR HR
		<ul><li>How do you manage high turnover rate?</li><li>How many people resign in 2017?</li></ul>	HR HR
	E	- Does the company have the policy for staff promotion?	Owner
4	Succession planning	- How many managers are promoted from within?	Owner
		- How many people get promoted this year?	Owner
	Valuing staff	- How does the company take care employee's welfare?	HR
5		- What are the welfare packages that the company provide to employee?	HR
		- Does the company provide any award to your people?	HR
		- What are welfare and benefits that you are getting from the company?	Employee
		- Do you feel that the company care about our well-being?	Employee

 Table 3.1 Interview Questions (cont.)

No.	Leadership Elements	Questions	Interviewee
	CEO and Top	- Is the decision making make by CEO or Top team?	Owner
6	team	<ul><li>How do you work along with your CEO?</li><li>What is your perspective about your</li></ul>	Manager Employee
		CEO?	
7	Ethical behavior	- What are your policies for ethic in workplace?	Owner
		- Have you been treated ethically?	Employee
		- How do you see/position your company	Owner
8	Long/Short- term	<ul><li>in next 5 years?</li><li>Do you have any plan to expand your business? If yes, what are the plans?</li></ul>	Owner
	perspective	- Does your company have any plan for investment to support long-term strategies?	Owner
		- What are your target for this quarter?	Manager
9	Organization change	- Is there any plan for changes within the company in the near future? If yes, how do you prepare for it?	Owner
	entange	- What is the main reasons/factors that lead to reorganization within the company?	Owner
10	Financial markets orientation	N/A	
11	Responsibility for	- What is the policy for protecting environment?	Owner
11	environment	- Are there any activities that help protecting the environment?	Owner
	Social	- What are the policies for CSR?	Owner
12	responsibility (CSR)	- Are there any CSR activities that the company do for society or locals?	Owner
12	Stalzaholdara	- Who do you think is the most important people in the company? Why?	Owner
13	Stakeholders	- How many stakeholders does the company have? Who are they?	Owner
		- What is your company vision? Do you shared and practice it?	Owner
14	Vision's role in the business	- Which point in the vision statement that you think is the most difficult to do? And how do you plan to achieve it?	Owner
	Jushiess	- Where do you see the company in the next 10 years?	Owner

 Table 3.1 Interview Questions (cont.)

No.	Leadership Elements	Questions	Interviewee
		- How do you make decision/consensus in the company? Management only or team based?	Owner
15	Decision making	- When decision must be made which information that you used to help in making decision?	Owner/Manager
		- Is the decision-making done solely by manager or the whole team get involved in the process?	Employee
		- Do you involve in any decision making in the company?	Employee
	Self-	- Can all employees manage and make decision by themselves?	Manager
16	management	- Suppose you get assigned to the task, what is the process of getting it done? <i>Observation</i>	Employee
		- Does your company work on a team- based or individual?	Manager
17	Team orientation	- How is the relationship between related department?	Employee
	onentation	- Do you feel comfortable working as a team or individual?	Employee
18	Culture	- What is your company core value? (eg. Innovation/Quality/CSR)	Owner
		- Does your company share knowledge to everyone? How?	HR
	Knowledge sharing and retention	- How do you share Knowledge within your company?	Manager
19		- How do you retain knowledge in your company in long term?	Manager
		- How do you share information within your company? Throughout the company	Employee
		or within your department only? - Does the company provide any tools or training for you to learn others department knowledge?	Employee

 Table 3.1 Interview Questions (cont.)

No.	Leadership Elements	Questions	Interviewee
		- Does your company have the system to control or examine the performance of your staff?	HR
		- Do you think you can trust your employees or do they need to be controlled?	Manager
20	Trust	- Do you think that your employees are the type of "willing to do" or "follow to order"?	Manager
		- Have you ever feel uncomfortable to work with your team or the company? How you deal with it?	Employee
		- What is the new innovation in the company recently or planning to do?	Owner
21	Innovation	- Are small improvements in operational processes valued in the company? Example?	Owner/Manager
	milovation	- How often do you introduce new product into the market?	Owner/Manager
		- Do you give any suggestion to improve the process or product?	Employee
		- Do you feel that employees are working from their own will? Why do you think	Manager
22	Staff engagement	that? - Are you willing to do other things beyond your current role and responsibility without calling any extra money?	Employee
23	Quality	<ul><li>How do you value product quality?</li><li>How do you control/maintain the product quality?</li></ul>	Owner/Manager Manager

In evaluating the sustainable leadership practices at the company, Honeybee leadership framework is used. The criteria used for evaluating is by comparing between "Locust philosophy" and "Honeybee philosophy" (Avery & Bergsteiner, 2011). The 23 leadership elements that are used as a criterion of distinguishing between two type of leadership is listed in Table 3.2

 Table 3.2 Sustainable leadership elements comparing Honeybee and Locust

 approaches

Leadership Elements	Honeybee Philosophy	Locust Philosophy		
Foundation Practices				
1) Developing people	develops everyone continuously	develops people selectively		
2) Labor relations	seeks cooperation	act antagonistically		
3) Retaining staff	values long tenure at all levels	accepts high staff turnover		
4) Succession planning	promotes from within wherever possible	appoints from outside wherever possible		
5) Valuing Staff	is concerned about employees' welfare	treats people as interchangeable and a cost		
6) CEO and top team	CEO works as top team member or speaker	CEO is decision-maker, hero		
7) Ethical behavior	'doing the right thing' as an explicit core value	ambivalent, negotiable, an assessable risk		
8) Long- or short- term perspective	prefers the long term over the short term	sh <mark>ort-term pro</mark> fits and growth prevail		
9) Organizational change	change is an evolving and considered process	change is fast adjustment, volatile, can be ad hoc		
10) Financial markets orientation	seeks maximum independence from others	follows its masters' will, often slavishly		
11) Responsibility for environment	protects the environment	is prepared to exploit the environment		
12) Social Responsibility (CSR)	values people and the community	exploits people and the community		
13) Stakeholder consideration	everyone matters	only shareholders matter		
14) Vision's role in the business	shared view of future is essential strategic tool	the future does not necessarily drive the business		
Higher-Level Practices				
15) Decision making	is consensual and devolved	is primarily manager- centered		

 Table 3.2 Sustainable leadership elements comparing Honeybee and Locust

 approaches (cont.)

Leadership Elements	Honeybee Philosophy	Locust Philosophy	
16) Self-management	staff are mostly self- managing	managers manage	
17) Team orientation	teams are extensive and empowered	teams are limited and manager-centered	
18) Culture	fosters an enabling, widely shared culture	culture is weak except for a focus on short-term results that may or may not be shared	
19) Knowledge- sharing and retention	spreads throughout the organization	limits knowledge to a few 'gatekeepers'	
20) Trust	high trust th <mark>rough</mark> relationship <mark>s and</mark> goodwill	control and monitoring compensate for low trust	
<u>Key Performance Driv</u>	<u>ers</u>		
21) Innovation	strong, systemic, strategic innovation evident at all levels	innovation is limited and selective; buys in expertise	
22) Staff engagement	values emotionally committed staff and the resulting commitment	financial rewards suffice as motivators, no emotional commitment expected	
23) Quality	is embedded in the culture	is a matter of control	

Source: Avery and Bergsteiner (2001, pp. 36-7)

The next chapter, Chapter IV, will discuss the data analysis and research finding.

# CHAPTER IV FINDING

Data collected during the interviews with management level personnel and staff and observation at Triviwat Intertrade are summarized and presented in this chapter. The study found one element with least evident to support the Honeybee leadership practices, 14 elements with moderate evident and 6 elements with the most evident. While the two elements of labor relation and financial markets orientation in Honeybee leadership are not included in the assessment as they are not applicable to the company. Details supporting each element are illustrated as follow:

Honorikas Elements on the	Triviwat Intertrade	Extend to conform		
Honeybee Elements on the Sustainable Leadership Grid		Least Evident	Moderate Evident	Most Evident
1) Developing people	/	100	/	
2) Labor relations	- /	3		
3) Retaining staff	/	2		
4) Succession planning	/	1		
5) Valuing staff	/			
6) CEO and top team	/			
7) Ethical behavior	/			
8) Long- or short-term perspective	/			
9) Organization change	/			
10) Financial markets orientation	-`			
11) Responsibility for environment	/			
12) Social responsibility (CSR)	/			
13) Stakeholder consideration	/			
14) Vision's role in the business	/			

 Table 4.1 Sustainable leadership grid assessing Honeybee elements at Triviwat

 Intertrade Company

Honorbos Flomente en the	Triviwat Intertrade	Extend to conform		
Honeybee Elements on the Sustainable Leadership Grid		Least Evident	Moderate Evident	Most Evident
15) Decision making	/			
16) Self-management	/			
17) Team orientation	/			
18) Culture	/			
19) Knowledge sharing and retention	/			
20) Trust	/			
21) Innovation	/			
22) Staff engagement	/			
23) Quality	/	1/2		
Total elements in conformity	21			

Table 4.1 Sustainable leadership grid assessing Honeybee elements at TriviwatIntertrade Company

Legend: / =conforms; - = does not conform; N/A = not known

#### Source: Adopted from Kantabura

#### **Developing people**

After assessing and evaluating this element of Honeybee leadership at Triviwat Intertrade, the company has only shown the lease evident on developing people. Even though there are training programs that are provided to all employee, it is just the mandatory and basic training program. Those specialized or advance knowledge training program is only provided for top-level employees, long-time service employees or employees with above average performance. Below quote show the viewpoint of developing people within the organization from one of the management team.

"We provide basic training for all staff such as training for new staff, onthe-job training and ISO related training because these trainings are essential for everyone. However, we provide technical or specific training to employees at top level only. Employees with higher position or stay with the company for a longer time are more preferable when we want to send them to specific training. The reason that we do not provide equally training to everyone is because there is a high risk that some operation staff tend to leave the company after they have been train. We are just a small firm so we have higher risk of losing the trained employees." – Owner

#### Labor relations

This element of Honeybee leadership is not applicable to Triviwat Intertrade Company because there is no labor union.

#### **Retaining staff**

As a form of family business, the owners work with everyone as family members. The company has no lay off policy even during unstable economic situations. The turnover rate for permanent employees is very low because the number of people leave the company in this year is only 5 people. The company provides competitive salary and benefits to all employees as one of the way to motivate and keep people working with the company for a long time. The employee with longest tenure is 36 years. However, the turnover rate is slightly high for daily workers. Therefore, the company only shows moderate evident on retaining staff.

"Average working time for staff is around 8-9 hours per day. Overtime is required for staff in some department, especially in the production line, because the company runs 24 hours for production. The staff turn-over rate is very high for temporary workers that get paid on daily basis because their concerns are only the money. When other production company pays higher, they will leave the company immediately. We cannot do much to keep these temporary workers. However, we have very low turnover rate for permanent staff. We tried to provide a reasonable benefit for all staff in order to keep them working with the company for a long time." – Manager

#### **Succession planning**

In this element of Honeybee leadership, the company has shown the moderate evident on this. The company promotes form within whenever it is possible. In top management level, there is a clear plan for promoting family member to take over the leading roles in the company. For other position within the company, once

there is a vacancy, they will try to promote internal employees first. Only in certain circumstances that on internal employees are suitable for the position, external people will be recruited.

"Previously, during my father management the promotion was based on his preferences only. But now everything has changed, we are more systematic in promoting people. Starting from this year, we will have 360 degrees' peer review. We will use this assessment for the promotion in each year. Once there is missing position in the company, we of course promote people from within first. Only in some case that there are no qualified people internally, we have to recruit people from outside of the company." – Owner

#### Valuing staff

Valuing employees is a very crucial part of retaining employees and can also help in reducing staff turnover rates. As the company has established for 40 years already, they do business as a family and treat everyone as one of the family members. The company offers a competitive welfare and benefits that fits to employees' needs. The company wants to keep their employees working with the company for a long time, so many of their provided benefit focus on this. For example, married couple that has been working with the company for more than 10 years, the company will support 5,000 Baht for monthly home loan payment. For employees who come from other areas, the company also provides resident and free rice for them. This is provide basic needs and convenient to employees.

"I feel happy and satisfy with the welfare and benefits that the company provides for me. I feel that the owner (father) care a lot about all employees. Examples of welfare and benefits provided by the firm include social insurance, bonus and monetary support for buying home." – Employee

#### **CEO and Top team**

As the company has been growing, the image of CEO as the hero of the company has been replaced by the team of management. The founder now is working as a senior consultant to the company. One CEO focuses on dealing with customers while another CEO focuses on dealing with external parties such as government

agencies. Manager take cares of the factory. Therefore, the company show moderate evident on this element because CEO still has the highest authority in making strategic decision.

"In the past the company was run as a family business, therefore the owner made all the decision. In the past 4 years, everything has been changed; the business is run by the team of management where more people are involved. The CEO still acts as a leader of the company. Leading roles in the company are extended to more people. Now we also have more systematic structure within the company." – Manager

#### **Ethical behavior**

Ethical behavior is "Doing-the-right-thing" where the company has shown moderate evident on this element. There are rules, regulations and procedures in operating the business where everyone strictly follows them. Another evident cans be seen from almost no customers' complaint on quality issues. It means that the company always does the right thing in operating their business.

"We run the business ethically. There are internal rules and regulation for everyone in the company to follow. Not only we have internal rules and regulation, we also follow standard rules in operating ethically in the business." – Owner

#### Long/Short-term orientation

There many noticeable evident that represent the long-term orientation at Triviwat Intertrade. First of all, as domestic market is very limited, the company has looking for more opportunities in international market. Also, in term of product development, the company keeps inventing in order to stay in the business for long term. One decision that the company has made to set up a separate entity in order to take privileges of BOI for expanding the business. The company also focuses on diversifying the business into real estate. The company does not stick only to the syringe production business but rather diversify business risks to other related and non-related business. There are mostly evident of long-term orientation at Triviwat Intertrade. "We look at our business in the long-term perspective. In the next five years, we will not only produce and sell the glass syringes but we are planning to expand the product line to other related product also. We plan on production expansion and also market expansion. In term of market expansion, we are looking forward to more of overseas market that is not limited to USA and Japan which is our main overseas customers right now. We are focusing on improving the quality to meet the international standard, so that we can compete in global market in the long run. As opportunity in the industry might be limited, we also diversify our business risk by investing in real estate also." – Owner

#### **Organizational change**

In this Honeybee leadership element, the company has shown most evident of having an organizational change. Starting from a small family business with no formal structure, the company has changed its structure to be more suitable with business requirement at the time being. For example, when the company set the target to expand business into international markets, they also implement new international quality standard. It shows that change is a consider process and evolve within the company.

"Even we are just a small family business; we are trying to adapt ourselves to stay with the industry standard. In the recent year, we have reorganized the structure within the company in order to be more structure and be able to respond to market needs. We gradually study requirement and adapt our structure in order to facilitate the change. We are still focusing on improving our business to meet the global market requirement." – Owner

#### **Financial markets orientation**

This element of Honeybee leadership is not applicable to Triviwat Intertrade Company because the company is not listed in the Stock Exchange of Thailand.

#### **Responsibility for environment**

There is a moderate evident on responsibility for environment at Triviwat Intertrade. The company has policy to follow the environmental regulations that is established by Department of industry or other government agencies. For example, noise is controlled within the organization not to harm the surrounding environment. Also waste water is treated before releasing back to the environment. However, the company did not do anything beyond the requirement in order to protect the environment. Therefore, there is only a moderate evident on this element.

"I think that most factory has to create some pollution to the environment but in our company we try to minimize that pollution. We have built our factory on this land xx years ago. During that time there is no industrial zoning restriction, so there was no environmental effect to the community. When time passed, the area was developed and there are more people and community coming to live near the factory. There are regulations set up by the government agencies which we have to follow. Our factory seriously follows these regulations. For example, waste water treatment that we need to process before releasing back to the environment." – Owner

#### **Social responsibility (CSR)**

The company does not set a specific yearly plan for corporate social responsibility (CSR) activities. However, when the surrounding or nearby community need help, the company always help and support. In 2011, when there was a flooding in Bangkok area; the community around the factory was affected also. The company helped to donate food and other things to help the flood victim. Therefore, there is a moderate evident that show the existence of social responsibility element.

"At Triviwat Intertrade, we do not have specific policy for CSR. However, we always support our surrounding community when it is required. For example, in 2011 when there are flooding in Bangkok and our community got effected, our company provide support to the community. During that time, we provide food and other stuffs for people living nearby. Even we do not have the CSR policy set up in our yearly plan, but whenever our surrounding community needs help we always support." – Owner

#### **Stakeholder consideration**

There is a least evident showing the broad stakeholder consideration at Triviwat Intertrade. Even there are several stakeholders that are concerned with the business; the company focus is still limited. The company's stakeholders include customers, employees, local community and government agencies. However, the main focus of the company is customers and employees as mentioned by one of the owner. The company pay most focuses on the customers since they are the source of revenue for them. Without customers, they might not be able to run the business.

"Our main stakeholders for our business are customers and employees. For customers, they are very important for our growing business without them we cannot be successful. We do our best to satisfy their requirement. For employees, they are very important in running the business. We want all employees to stay with us for a long time." – Owner

#### Vision's role in the business

The vision of the company is "Expert in the creation of glass products with advanced technology and world-class standard". The management team has come up with the vision to lead everyone in the business. Anyway, the vision is communicated from management level to each department managers and team leaders which need to be communicated to lower level employees. Therefore, only least evident is shown for the element of vision's role in the business in Honeybee leadership practices.

"We have a vision to be an expert in the creation of glass product with advance technology and world-class manufacturing standard. Our emphasis is to continually improve the technology that is useful for our business. Even that we have set up the vision statement for our business, only owners and employees at the top level understand this vision. Most employees that are the operational staff, they do not pay attention to this vision statement." – Owner

#### **Decision making**

Decision making within the company is consensual and devolved, the evident can be moderately seen from the interview. The routine tasks that required decision to be made, team members can consult and manage among themselves. Strategic decision will be made by top management that involves other leaders from each department also. Therefore, the decision is devolved to staff in lower level also. However, the owners still have the highest authority to make decision within the company.

"When there is a direction from management team, department manager will explain to staff in team. I will have a chance to offer my ideas and department manager will consider about it. If it is ok, he will present to the management also." – Employees

#### Self-management

The company has shown moderately evident on self-management element in Honeybee leadership practices. From the interview, it shows that employees are very well self-manage when it is related to their routine jobs. They can manage themselves to get the job done without waiting for manager's direction or orders. When it comes to more complex tasks, employees still need advice and approval from managers or management first.

"When the task is assigned to me, I can start working immediately because I have been trained and know the procedure of getting jobs done already. There is no need to be told by manager on how to start working unless it is the new task that the company has never done before." – Employee

"Whether employees can manage and make decision by themselves, it depends on the scope of the task. In case that the task has impacts in organizational level, staff might not be able to start the task immediately. They might have to consult with department managers first. For example, if more machines are required, this need to be presented to the top level. If it is their routine jobs, staff can work on their own and they can make decision on adjusting and improving their work process." – Manager

#### **Team orientation**

As a manufacturing company, there are many separated departments based on the production processes. Each departments work in their own team, in order to complete their work process. Not only that each department works in a separated team, they also have to work as a cross-functional team in order to complete the process of producing the product. However, there are still some conflicts working in team with other departments. Therefore, it is moderately evident of team orientation at Triviwat Intertrade.

"In the company, each department is separated into each team and work together to complete the production of the product. There are some problem working in team with different department also but we can manage by sharing information in order to solve the problem together. Planning team will act as a center for all other departments. I prefer within in team with other people and another department rather than working individually." – Employee

### Culture

Innovation is embedded into every employee, especially family members (management team) and top level managers. The owner demonstrated himself by leading in the creation of new machines or product. This way the culture of innovation is spread throughout the company where everyone put it as the highest priority. Another thing is the culture of being family in which the owners pay very close attention to all employees including those operational staff who work in production line. Whenever employees have the problem (work-related or personal issues), they can come directly to talk to the owners. This shows the most evident of organizational culture within the company.

"Our core value at Trivivat Intertrade is the innovation. From the beginning of the business as a small family business, my father has always invented machines by himself (as his team). Our products were also invented by our people. Therefore, innovation has always been our core value in doing the business." – Owner

#### **Knowledge sharing and retention**

Information and knowledge sharing within the company is through regular meeting, bulletin boards and voice announcement. Problems that occurred in one department will be shared in the monthly meeting, so other departments can also learn from other departments and can even help sharing ideas for solving the problem. New information or knowledge is shared during monthly meeting also. After that managers will share this information to staff in their department. However, there is only a moderate evident of knowledge sharing and retention within the company.

"There a board for sharing the company's announcement and other information. Internal broadcasting within the factory also been made to announce news for everyone. Monthly meeting is the time where information and knowledge is share among leaders, managers and owners." – Employee

#### Trust

Resulting from a culture of being family, it can help creating trust amount employees and the company. Employees have very high trust on the company and the owners as it shows that they are very satisfied with the company and are working with the company for the long time. A person with longest working period with the company is 36 years which means that he has been working since the start of the business. However, the company still place some tools to check on employees such as clock-in/out and random attendant check. These tools are specially applied for lower level staff or operational staff. This shows the moderate evident on trust.

"I have trust and confident working in this company because the owner really cares for staff's well-being." – Employee

"For operational staff who works in production line, we cannot 100% trust on them. There used to be an event where the staff came to clock in and then return to residential area. Therefore, we have to set up the procedure to control and avoid this circumstance. Human resources staff will walk around the production line and check the name twice a day in order to make sure that everyone is working in their position." – Manager

#### Innovation

Since the beginning of their business, the owner has developed their own glass product producing machine. The reason of inventing their own machine is because the availability of glass-product production machines is very limited in the market or very expensive to procure from overseas. It is one force that keeps the company to be innovative at all times. Not only that the company is innovative on the production and process, they also focus on innovation of the products to deliver in the market. At the beginning they only produce glass syringes as the only product, now they also broaden their product line to other related glass products. With existing resources and capabilities, the company is always innovative to fully utilize this. Therefore, the company has shown most evident on the element of innovation.

"Most of our innovation is in the production machines and products that we always develop internally. When customer has new product requirements, we will build new machine for producing those products (if our existing capacity is not available). All employees are always encouraged to come up with new ideas on products and improvement." – Owner

# Staff engagement

Management works as a family make most of the employees feel that they are a part of the family. They are comfortable working with the company because they can share ideas and comments on work process or other things. This helps employees to be emotionally committed to the company. The benefits provided by the company to employees also motivate and increase employees' engagement with the company. Many of employees are willing to work extra to contribute to the success of the firm.

"I am willing to do my best or even work extra if it is require without asking for additional compensation" – Employee

#### Quality

Quality is one of the core values in the company. Since the glass syringe products are mainly used in the medical industry, the precision and high quality of the product is very important. The company also value quality as their priority. The Quality Control department plays very important roles in ensuring the quality of products. From the interview with QC manager, there were almost no defects or claim from customers on quality. This could confirm that the company shows most evident on quality element of Honeybee leadership practices.

"Quality is also one of our core values in running our business. We received almost no complain or claim on product quality. Since we place very high value in quality, we improve our production process all the time in order to achieve 100% quality. For example, we have developed an automatic glass-cutting machine to work instead of human. This could help reducing the error and NG products." – Owner

The next chapter, Chapter V, will discuss the managerial implications and conclusion.



# CHAPTER V RECOMMENDATION AND CONCLUSION

As discussed in finding section, Triviwat Intertrade shows conformity on 21 out of the 23 Honeybee leadership elements. However, there are some elements that show only least or moderate evident. At Triviwat Intertrade, elements with least evident include Develop people, Stakeholder consideration and Vision. Elements with moderate evident include Succession planning, Valuing staff, CEO and Top team, Ethical behavior, Responsibility for environment, Social responsibility, Decision making, Self-management, Team orientation, Knowledge sharing and retention, Trust and Staff engagement. Therefore, recommendations are given below in order to raise the level of Honeybee leadership practice at Triviwat Intertrade and result in improving the company's sustainability.

# **5.1 Recommendation**

Recommendations are group into 7 key activities with each support to different Honeybee leadership elements.

# 5.1.1 Organizational alignment

Organizational alignment focuses on the degree to which firm's strategy, structure and culture create an environment that promote the achievement of organizational goals. When the organization is aligned, high-performance work system is created by explaining how the interdependent element within the company can achieve greater individual and group efficiency and effectiveness. A well-aligned organization that apply effective leadership and human resources process will create a systemic agreement among strategic goals, tactical behaviors, performance and reward system and organizational culture. This help removing barriers to cooperation and performance which finally result in increasing performance of individuals, process, and the organization as a whole.

Moreover, the kind of organization that the company would like to develop is the one with flexible, adaptation and customer-focus which create higher sustainability of the business. Currently, Triviwat Intertarde is adopting a functional structure which is limited the flexibility, adaptation and innovation. Therefore, I would recommend the company to implement "Hybrid Organizational Structure" instead. By implementing hybrid structure, it would allow the company for greater flexibility and also become more customer focus. With this structure, teamwork would become more strengthen and everyone focuses would be directly towards customers. An example of recommended Hybrid Organizational Structure is illustrated below in Figure 5.1.



Figure 5.1 Recommended Organizational Structure (Hybrid Structure)

By adopting hybrid structure at Triviwat Intertrade many elements, it would facilitate the enhancement of many Honeybee leadership elements which finally leads to great business's sustainability. These Honeybee elements include Team orientation, Staff engagement, Knowledge sharing and retention and Quality.

#### 5.1.2 Empowerment

Empowerment is a management practice of sharing information, rewards and power with employees within the company, so that they can take initiative and make decisions to solve problems and improve work process, products and performance. Basic idea of empowerment is that the company provides employees with skill, resources, authority, motivation, opportunity along with holds them responsible and accountable for outcomes of their actions which finally contribute in enhancing their competence and satisfaction.

Empowerment could be automatically earned after the organizational alignment with the hybrid organizational structure since the structure will allow the company to be more flexible and distributing responsibility and authority to people within the company. Therefore, delegation and employee involvement can be easily established among people within Triviwat Intertrade. First of all, delegation of authority from upper management level will be delegate to operational staff level also. This way operational staff could become more actively involved within the company.

By implementing an empowerment strategy many elements of Honeybee leadership could be enhancing. These elements include Staff engagement, CEO and Top team, Self-management, Team orientation and Decision making. These enhancements could be resulting from flexibility within the company and employees' motivation.

### **5.1.3 Vision Communication**

Vision communication directly predicts an increase in motivating behavior among managers and in turn enhancing staff and customer satisfaction also. An effective vision communication requires identifying and understanding stakeholders within the company. Different target person of communication requires different style and channels in communicating.

As previously discussed in Chapter 4 that the company already has the vision but it is not yet effectively communicated to everyone within the company. Their vision is "To be an expert in the creation of glass product with advanced technology and world-class manufacturing standard." Therefore, I would like to suggest the vision communication plan for Triviwat Intertrade in order to emphasize the role of vision in the business. Undoubtedly, the owners or management cannot communicate directly to each employee. Therefore, it is important to select the right target group to communicate specific message. Below table shows the suggested vision communication plan (Table 5.1)

Target Functional Group	Focus in Message	Comm. Channel	Comm. Style	Specific Message	Expected Behavior
Production Planning	Efficiency Quality Innovation			"Innovation" "No NG"	-Proactive -Minimize NG products
Quality Control	Quality	Spoken Bulletin Board	Straightforward Concise Energetic Inspiring	"Zero defect"	-Suggest process improvement or development
Delivery	On time			"On-time with no defect"	- Proactive
Admin.	Support	Spoken Visual	Inspiring	"Coordination"	- Cooperative -Proactive

 Table 5.1 Suggested Vision Communication Plan

The vision communication plan would not only enhance the element of vision's roles in business within Honeybee leadership practices but will also increase staff engagement with the company.

# 5.1.4 Personalized training program and Career path

As shown in finding section that Triviwat Intertrade only shows least evident in developing people, it is crucial for the company to improve the development of people in order to be a sustainable organization. With the limitation of being small and family-owned business, it is very challenging for the firm to develop everyone equally because people development required a great deal of investment in training. While as a small business, they are facing with the high risk of people leaving the firm after being trained.

Therefore, I would like to suggest a personalized training program for Triviwat Intertrade to implement with their employees. In my recommendation, the company should group their employees based on their responsibility and skills required. Example of training plan for each level of employees is illustrated in Table 5.2 as shown below. By implementing this, the company could develop more employees within the company without taking too much risk of losing them after invest in people. Assessment after attending the training should also be implemented in order to make sure that employees learned and improved their knowledge and skills.

Functional Group	Working years	Training	
Upper Management level	> 5 years	- Managerial training - Leadership skill training - English language training	
Mid-level Operational level	3-5 years	<ul><li>Advance technical knowledge training</li><li>Supervisory skill training</li><li>English language training</li></ul>	
Operational Staff	1-3 years	<ul> <li>On-the-job training</li> <li>Technical knowledge training</li> </ul>	
Administration staff	1-3 years	<ul><li>IT skill development</li><li>English language training</li></ul>	

 Table 5.2 Suggested Personalized Training Program

A personalized training program could go along with a well-defined career path. This would even create more trust and work as a motivation for employees at the same time. A career path can also be a part of employee development process within the company, therefore it could go along with the assigned tasks and responsibilities and training program.

By enforcing a personalized training program together with a career path, many Honeybee leadership elements could be enhanced. These elements include Develop people, Staff engagement, Trust, Self-management, Valuing staff and Succession planning.

5.1.5 360 Degree peer review and Reward program

360 Review is one of a professional peer evaluation method that enables a group of coworkers to provide feedback on an employee's performance. It is different from an employee appraisal which traditionally provides employees with feedback of their performance from their manager only. Along with an organization alignment that would enhance the team-orientation within the company, all employees will work as a team to achieve the overall organizational goal. Therefore, I would recommend the 360 review for the company to use in evaluating employees' performance. It means that the evaluation would not be in top-down approach like what they are doing

currently but the evaluation will take place in all direction. It could be more beneficial for the company.

After the 360 review, reward should also be given to employees with superior performance in each evaluation. This could be used as internal improvement for the company and at the same time as a motivation for individual staff.

By implementing 360 peer review and reward program, some Honeybee leadership elements could be enhanced. These elements include Retaining staff, Staff engagement and Trust.

# 5.1.6 Technical training center

As a manufacturing company that has been innovating most of its operating machine, I think it is a very good idea for Triviwat Intertrade to open a "Triviwat Technical Training Center". By this, it means that the company could set up a small area within its factory to open a training or knowledge center that employees can share their skills and knowledge among themselves. This technical training center would not be limited to internal employees only but would also open for local people in the nearby community to learn the technical skill. The company could cooperate with some local technical institution that students can join the company as an intern or a visitor to the training center.

Main purpose of establishing a technical training center at Triviwat Intertrade is for internal benefit but other than that the company could apply this as one of their Corporate Social Responsibility activity.

By establishing the technical training center; many elements under Honeybee leadership practices could be enhanced, especially people development and knowledge sharing and retention. Other enhanced elements include Staff engagement, Long-term perspective and Social responsibility (CSR).

#### 5.1.7 "Creative Saturday"

As seen from A Bathroom design example that they have a creative Saturday in each week and they could nurture incremental and radical innovation throughout the entire organization. This could also be applied at Triviwat Intertrade in order to strengthen the company's innovation. If this is set up as a monthly event of the company, for example every first Saturday morning of each month, then it would become routine and culture at Triviwat Intertrade. I would encourage employees within the company to share their ideas and they also become an important part of the company. Not only it intrinsically motivates employee, it could also help in knowledge sharing and retention within the company. Not only management level would be joining in the creative Saturday but everyone in the company will be joining. So everyone has equal opportunities in offering their comments and ideas for process improvement or product development.

By having a creative Saturday, not only the company can nurture incremental and radical innovation but other elements under Honeybee leadership can be enhanced also. Other elements include Knowledge sharing and retention, Staff engagement and Team orientation.

#### **5.1.8 Stakeholder focus policy**

Similar to other non-listed businesses, customer is the key stakeholder in running the business. It is not enough for a sustainable organization that focus on a broader perspective on stakeholders. In this case of Triviwat Intertrade, as a small and family-owned business, I would like to recommend the owner to take broader view of stakeholder. The company might not be able to take all stakeholders into at the same time but at least customers, employees, suppliers, community and environment should be taken into account.

# **5.2 Conclusion**

Throughout the time of running business at Triviwat Intertrade, it has been running by as a family business in which the company is also trying to adapt itself as a changing environment. The company has shown many evident with a close fit with the Honeybee leadership criteria that Avery and Bergsteiner's identify. This research paper has ensured that a Thai manufacturing company could also apply the sustainable leadership practices which is widely us in European or US.

In order to strengthen the fit with Honeybee leadership practices, the company has to consider and improve each element to reach the maximum level of

"most evident" which will definitely lead to higher level of sustainability. Whereas, sustainability can be derived based on these three criteria; 1) delivers strong performance, 2) has ability to endure difficult economic and social situations and 3) maintains a leadership position in its relevant market.

Moreover, I believe that my recommendation would be useful for the company in enhancing the business's sustainability as guided by Avery and Bergsteiner's 23 sustainable leadership elements.



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### **Interview with Management**

#### 1) Owner

#### Q: Develop people

A: We provide basic training for all staff such as training for new staff, on-the-job training and ISO related training because these trainings are essential for everyone. However, we provide technical or specific training to employees at top level only. Employees with higher position or stay with the company for a longer time are more preferable when we want to send them to specific training. The reason that we do not provide equally training to everyone is because there is a high risk that some operational staff might leave the company after they have been trained. We are just a small firm so we have higher risk of losing the trained employees.

# Q: CEO and Top team

A: We run the company as a team that comprises of owners (which are family members) and some top managers. Not only the owner makes the sole decision in the business but still the owners have the highest authority/power in the company.

#### **<u>Q</u>: Ethical behavior**

A: We run the business ethically. There are internal rules and regulation for everyone in the company to follow. Not only we have internal rules and regulation, we also follow standard rules in operating ethically in the business.

# Q: Long-/Short-term perspective

A: We look at our business in the long-term perspective. In the next five year, we will not only produce and sell the glass syringes but we are planning to expand the product line to other related product also. We plan on product expansion and also market expansion. In term of market expansion, we are looking forward to more of overseas market that is not limited to USA and Japan which is our main overseas customers right now. We are focusing on improving the quality to meet the international standard, so that we can compete in global market in the long run. As opportunity in the industry might be limited, we also diversify our business risk by investing in real estate also.

#### **<u>Q</u>: Organization change**

A: Even we are just a small family business; we are trying to adapt ourselves to stay with the industry standard. In the recent year, we have reorganized the structure within the company in order to be more structured and be able to respond to market needs. We gradually study requirements and adapt our structure in order to facilitate the change. We are still focusing on improving our business to meet the global market requirement.

#### Q: Responsibility for environment

A: Our company follows the environmental standard and restriction in Thailand. Our business does not harm the surrounding environment. Ministry of industry and industry department always comes and check on environmental issues. We treat the pollution as required such as voice control pollution, waste water treatment and etc.

# <u>Q: Social responsibility (CSR)</u>

A: At Triviwat Intertrade, we do not have a specific policy for CSR. However, we always support our surrounding community when it is required. For example, in 2011 when there are flooding in Bangkok and our community got affected, our company provided support to the community. During that time, we provide food and other stuffs for people living nearby. Even we do not have the CSR policy set up in our yearly plan, but whenever our surrounding community needs help we always support.

#### <u>Q: Stakeholders</u>

A: There are many people involves in running our business. They include suppliers, customers, government agencies, distributors, employees and logistic agents. We put the highest focus on customer because they are very important to our business.

#### Q: Vision's role in the business

A: We have a vision to be an expert in the creation of glass product with advance technology and world-class manufacturing standard. Our emphasis is to continually improve the technology that is useful for our business. Even that we have set up the vision statement for our business, only owners and employees at the top level understand this vision. Most employees that are the operational staff, I don't think that they pay attention to this vision statement.

#### Q: Decision making

A: Most decisions that were made in the company, we tried to involve concerned people in the decision-making also. Not only me, as the owner, that made the decision. Other people such as department managers are involved also.

# <u>Q: Culture</u>

A: Our core value at Triviwat Intertrade is the innovation. From the beginning of the business as a small family business, my father has always invented machines by himself (as his team). Our products were also invented by our people. Therefore, innovation has always been our core value in doing the business. Our technology might not be the latest in the industry but it is most effective for our business.

#### <u>Q: Innovation</u>

A: Most of our innovation is in the production machine and products that we always develop internally. When customer has new product requirement, we will build new machine for producing those products (if our existing capacity is not available). All employees are always encouraged to come up with new ideas on products and improvement.

#### <u>Q: Quality</u>

A: Quality is also one of our core values in running our business. We received almost no complaint or claim on product quality. Since we place very high value in quality, we improve our production processes all the time in order to achieve 100% quality. For example, we have developed an automatic glass-cutting machine to work instead of human. This could help reducing the error and NG products.

# **<u>Q</u>: Succession planning**

A: Previously, during my father management the promotion was based on his preferences only. But now everything has changed, we are more systematic in promoting people. Starting from this year, we will have 360 degrees' peer review. We will use this assessment for the promotion in each year. Once there is missing position in the company, we of course promote people from within first. Only in some case that there are no qualified people internally, we have to recruit people from outside of the company.

### 2) Owner

#### Q: CEO and Top team

A: Our company was established by my father 40 years ago and he was the one who run and make decision on everything. So he was considered as the hero within the company. But now, my father has stepped down from CEO position. Now we run the business as a team of management that consists of family members and some managers. While my father works as an advisor for the company.

#### Q: Long-/Short-term perspective

A: We focus in long-term view of our company. We aim to expand more in international market which we have already started. We took opportunities that the government is providing for SMEs in Thailand for export market which is called BOI. We have set up another company called Amata Medicare to register as BOI and take privileges on tax exemption. We are planning to expand our business in more of international market.

#### <u>Q: Organizational change</u>

A: As we a family business that has been stated by my father, after he got old we have plan for the future of business also. The company is also growing, so we need to be more systematic. We reorganized our structure in order to be more clearly on roles and responsibility and to meet the requirement of international standards.

# Q: Responsibility for environment

A: I think that most factories have to create some pollution to the environment but in our company we try to minimize that pollution. We have built our factory on this land long time ago. During that time there is no industrial zoning restriction, so there was no environmental effect to the community. When time passed, the area was developed and there are more people and community coming to live near the factory. There are regulations set up by the government agencies which we have to follow. Our factory seriously follows these regulations. For example, waste water treatment that we need to process before releasing back to the environment.

#### **<u>Q</u>: Stakeholders**

A: Our main stakeholders for our business are customers and employees. For customers, they are very important for our growing business without them we cannot be successful. We do our best to satisfy their requirement. For employees, they are very important in running the business. We want all employees to stay with us for a long time

#### Q: Decision making

A: In our company, the decision is mainly made by the management including my father, my brother and I. However, we listen to comments and feedbacks from related staff as an input for making decision.

# <u>Q: Culture</u>

A: We pay high emphasize on quality and innovation at Triviwat Intertrade. As our business is about manufacturing glass-related product which is used mostly in medical industry, quality is very important. We always emphasize of quality to everyone in the company. Also innovation is another core value at Triviwat Intertrade. From the beginning of our business, we build our own machines for production. Therefore, everyone knows at heart about innovation.

#### **<u>Q: Innovation</u>**

A: We build our own machines. It can be adapt to best suit with our requirements. We gradually improve innovation within our company.

### Q: Quality

A: Quality is ours emphasize because our main customer is in the specific industry that require high accuracy. We also hardly received complaints from customers on quality issues.

#### <u>Q: Succession planning</u>

A: Before my father retired from his position, he planned for us to take over the CEO role for the company. In other position within the company, we try to promote internal people to fill up the position first. Only in some special case that no internal people are available, we have to recruit outside people in upper level position.

### 3) Accounting Manager

#### Q: CEO and Top team

A: When it is required, as a manager I can directly consult and talk to the management team in order to solve the problem.

# Q: Self-management

A: It depends on the time; sometime staff can make decision immediately relating to their jobs. But some task that might has high or negative impact to the company; they will have to consult with me first.

### Q: Trust

A: Yes, my staff can be trusted. However, when the task is advance or complicated; I will have to closely monitor their work process in order to minimize errors. As my job is in accounting, all the number that is done by my subordinate; I have to check the accuracy (100% or randomly)

#### 4) Assisting to Managing Director

#### Q: CEO and Top team

A: I work directly with the management (owners). The management will communicate all messages with me and then I will translate and pass on the messages to lower level staff. I as a manager act as a middle person between management and operational staff. In the past the company was run as a family business, therefore the owner made all the decision. In the past 4 years, everything has been changed; the business is run by the team of management where more people are involved. The CEO still acts as a leader of the company. Now we also have more systematic structure within the company.

#### Q: Long-/Short-term perspective

A: The target I received from the management is separated to short and long team. Short term target might include operational problems on daily or monthly basis. This requires a prompt reaction to solve the problem. While the long term target might be to prepare employees and resources to complete the business goal. For example, the company is working on expanding to the global market. So my task is to prepare everything for achieving the goal.

### Q: Self-management

A: Whether employees can manage and make decision by themselves, it depends on the scope of the task. In case that the task has impacts in organizational level, staff might not be able to start the task immediately. They might have to consult with department managers first. For example, if more machines are required, this needs to be presented to the top level. If it is their routine jobs, staffs can work on their own and they can make decision on adjusting and improving their work process.

#### **<u>Q</u>: Team-orientation**

A: Most of the tasks in the company are on team basis. So our staff always works together as a team or even a cross functional team.

# <u>Q: Trust</u>

A: Most of the staff can be relied on and there is no need to closely monitor them. Only few of them that require close monitoring.

### <u>Q: Quality</u>

A: We have Quality Control department that focus on the quality of the product. The quality is not limited to the finished product only but also machines, calibrators and process.

### 5) Production Manager

#### Q: CEO and Top team

A: As a manager in Production department, I work as a middle person between upper level of management and lower level staff. I can easily reach the management for their advice or even present my ideas. They always listen to my ideas or other employees' ideas too. The gaps between owners, manager and staff are very low. We all can communicate freely.

# Q: Self-management

A: During routine jobs in the production line, all employees can manage their own task without any requirement for supervision or command. In term of production planning task, each employees will discuss in team in order to get the jobs done.

### Q: Team-orientation

A: Especially in production line, each employees work together as one team in order to complete the production.

### <u>Q: Trust</u>

A: Most of my staff can be relied on and trusted.

# <u>Q: Quality</u>

A: We have a process to ensure and control quality of products that are delivered from our production. During each stage of production, we will monitor and check the quality of the product until the end of production process.

# 6) Human Resources Manager

# Q: Develop people

A: We do not have fixed budget on training in each year. The planned budget is for the mandatory training courses such as ISO, firefighting and evacuation and documentation only. If there are important or useful training occurs during the year, it can be considered on the requirement. The mandatory trainings include new staff training, on-the-job training and regulation training.

### Q: Retaining staff

A: Average working time for staff is around 8-9 hours per day. Overtime is required for staff in some department, especially in the production line, because the company runs 24 hours for production. The staff turn-over rate is very high for temporary workers that get paid on daily basis because their concerns are only the money. When other production company pays higher, they will leave the company immediately. We cannot do much to keep these temporary workers. However, we have very low turnover rate for permanent staff. We tried to provide a reasonable benefit for all staff in order to keep them working with the company for a long time.

### Q: Valuing staff

A: We provide all basic packages to all staff such as salary, bonus and social insurance. As we want to keep employees to work in the company for the longest time, the company also provide resident for those staff that need. Children's education support is also provided for employee who has work in the company for a long time and has kids.

### Q: Trust

A: For operational staffs who work in production line, we cannot 100% trusts on them. There used to be an event where the staff came to clock in and then return to residential area. Therefore, we have to set up the procedure to control and avoid this circumstance. Human resources staff will walk around the production line and check the name twice a day in order to make sure that everyone is working in their position.

#### **Interview with Employees**

#### 1) Employee

#### Q: Develop people

A: I am not sure how many times the company provides training for staff but they have the yearly plan for training. The training that the company provides includes ISO-related training and firefighting and evacuation drill for every staff in every year. On-the-job training is also provided for staff. Other trainings are based on the yearly plan.

#### Q: CEO and Top team

A: The CEO (management) runs the company in family system. Even the CEO has the highest authority but before decisions are made other people will be involved in the discussion first. Owners, managers and some staff are included in discussions for making the decision.

# Q: Decision making

A: Decisions that are related to my job, I will be involved in decision-making process also. Members of the team can contribute something in the process for making decision.

# Q: Self-management

A: I can manage myself to start working without waiting for manager's orders or direction.

# Q: Team orientation

A: In the company, each department is separated into each team and work together to complete the production of the product. There are some problem working in team with different department also but we can manage by sharing information in order to solve the problem together. Planning team will act as a center for all other departments. I prefer within in team with other people and other department rather than working individually.

# Q: Knowledge sharing and retention

A: Every two weeks owners and managers from each department will attend the company gathering meeting. They will exchange information or problems. Sometimes knowledge is shared during this meeting. After this meeting, managers will come back and share with us.

# Q: Innovation

A: Sometimes, I share my ideas on improving work process to my manager and he will consider that ideas.

# 2) Employee

# Q: Develop people

A: There are 2 trainings per year for every staff which is mandatory for everyone. This includes ISO and firefighting and evacuation drill.

### Q: Valuing staff

A: I am quite satisfied with the benefits that the company provides for staff. These benefits include bonus, housing and food, housing financial supports.

# Q: CEO and Top team

A: The CEO (management) runs the company in family system. Even the CEO has the highest authority but before decisions are made other people will be involved in the discussion first. Owners, managers and some staff are included in discussions for making the decision.

#### Q: Decision making

A: Decisions that are related to my job, I will be involved in decision-making process also. Members of the team can contribute something in the process for making decision.

# Q: Self-management

A: I can manage myself to start working without waiting for manager's orders or direction.

**<u>Q</u>: Team** orientation

A: Most of the time, we have to work in team within the department and we have to work with other departments also.

Q: Knowledge sharing and retention

A: Every week department manager must join the meeting to share information and problem to other departments also. After the meeting, they will share information to staff in the department.

#### <u>Q: Trust</u>

A: I have trust and confident working in this company because the owner really cares for staff's well-being.

#### <u>Q: Innovation</u>

A: I can share my ideas for improvement on the working process.

#### <u>Q: Staff-engagement</u>

A: I am willing to work extra if I am asked to do without asking for additional money.

# 3) Employee

#### Q: Develop people

A: Every year, the company will have a plan for training for staff. Some basic trainings are provided for everyone such as ISO, firefighting and evacuation drill, quality and documentation. These are training that is mandatory for everyone in the company. There are also more trainings provide for employees at higher level in specific area of knowledge.

### Q: Valuing staff

A: The company provides very good welfare and benefits for employees such as annual leave, diligence allowance, bonus and others. I feel that the company pays very high attention to employees' welfare.

# Q: CEO and Top team

A: The owners run the business as a family not only one CEO makes decision on everything. Members of management team decide together.

Other people are involved in decision-making also. Department managers are asked to be part in decision making and manager always ask for staff suggestions.

### <u>Q: Decision making</u>

A: When there is a direction from management team, department manager will explain to staff in team. I will have a chance to offer my ideas and department manager will consider about it. If it is ok, he will present to the management also.

# <u>Q: Self-management</u>

A: When the task is assigned to me, I can start working immediately because I have been trained and know the procedure of getting jobs done already. There is no need to be told by manager on how to start working unless it is the new task that the company has never done before.

### **<u>Q</u>: Team** orientation

A: Sometimes, there is a problem working in cross-functional team. When there is a problem that we cannot solve by ourselves, management team (owners) will always help. I also feel uncomfortable working people different people as a team because of different attitude.

#### Q: Knowledge sharing and retention

A: There a board for sharing the company's announcement and other information. Internal broadcasting within the factory also been made to announce news for everyone. Monthly meeting is the time where information and knowledge are share among leaders, managers and owners.

### 4) Employee

# Q: Develop people

A: There are trainings provide to everyone in each year. The trainings are about ISO, documentation or fire-fighting and evacuation drill.

# Q: Valuing staff

A: Welfares that the company provides include salary, OT, bonus, diligent allowance, holiday, resident and etc. The owner cares a lot about our well-being.

### Q: CEO and Top team

A: This is a family business, so they run the company as a team that includes family members.

# Q: Decision making

A: Owners and managers always ask for our opinion before making decision. Many times, I have a chance to share my ideas and opinion.

# <u>Q: Self-management</u>

A: I don't need to wait for supervisor's order in order to start my daily/routine tasks. However, in special case I might need to consult with my supervisor first.

#### Q: Team orientation

A: Normally, we work in team in our department. We cooperate among team members to complete the work and then forward to others department.

# Q: Knowledge sharing and retention

A: There is a meeting twice a month that managers from each team will join. In this meeting information and knowledge is shared among meeting members and then manager will share with us.

### Q: Staff-engagement

A: Yes. If I am asked to work extra, I am willing to do so.