

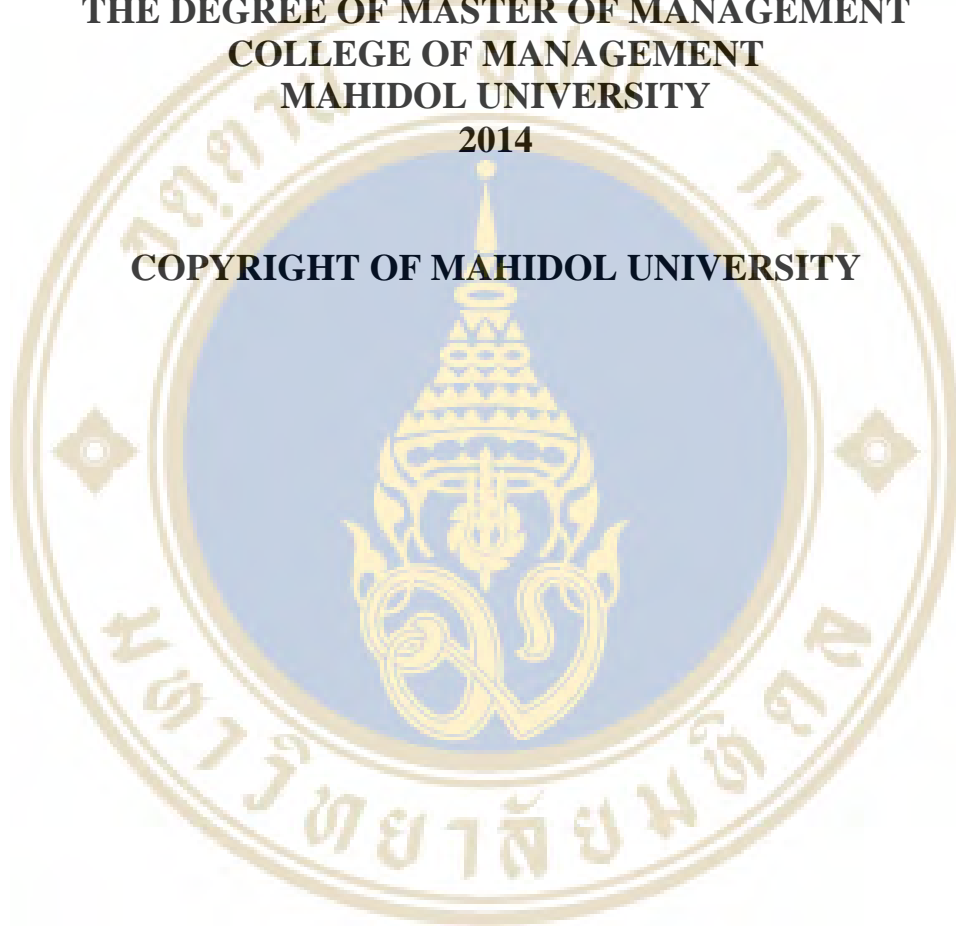
**SUSTAINABLE LEADERSHIP: HONEYBEE PRACTICES IN  
THAI JEWELRY BUSINESS**

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**A THEMATIC PAPER SUBMITTED IN PARTIAL  
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Vanda Nakchudtree

## **SUSTAINABLE LEADERSHIP: HONEYBEE PRACTICES IN THAI JEWELRY BUSINESS**

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### **ABSTRACT**

This thematic paper adopts Honeybee's 23 Sustainable leadership practices and investigates in Thai jewelry industry. Honeybee framework has 23 sustainable leadership elements, which are developing people, labor relations, retaining staff, succession planning, valuing staff, CEO and top team, ethical behavior, long or short-term perspective, organizational change, financial markets orientation, responsibility for environment, social responsibility (CSR), stakeholders, vision's role in the business, decision making self-management, team orientation, culture, knowledge sharing, trust, innovation, staff engagement, and quality. Multiple data collection approach is adopted to obtain data from multiple stakeholders. Honeybee Sustainable Leadership grid allows organizations to inspect with a framework checklist. These principles will help the organization to improve the company and maintain the success in a long run.

**KEY WORDS:** sustainable leadership/ corporate sustainable/ Honeybee leadership/ jewelry/ leadership

35 pages

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## **CHAPTER I**

### **INTRODUCTION**

Corporate sustainability has been widely discussed among corporate leaders and scholars. Although it is an important issue, only a few approaches to corporate sustainability have been examined in the Thai context.

The present study therefore adopts Avery and Bergsteiner's Sustainable Leadership concept that has been supported by previous studies as a relevant approach to corporate sustainability in Thailand. The study examines business practices of Key Gems International Co., Ltd. to determine if there is a fit between Sustainable Leadership practices and those of the case company.

Key Gems International is a jewelry manufacturer located in Bangkok, Thailand. The company has been operating for 14 years with one owner, Mr. Rangsun Trongchak. The company has grown from a small family-owned business to one of the Thailand's Antique jewelry specialist. Key Gems offers custom to high-end jewelry. The company philosophy is a commitment to quality. Key Gems has over 200 skilled workers and well-trained staff in management section. The main target group of Key Gems is 80% international customers, only 20% are Thai customers.

To determine the fit, the literature on Sustainable Leadership in Thailand is reviewed in Chapter 2. In Chapter 3, the methodology used to test the Sustainable Leadership concept is explained. This includes how to collect and analyze data. Chapter 4 presents findings, while Chapter 5 discusses the findings and concludes the study with practical recommendations to enhance the prospect of corporate sustainability for the case company.

## CHAPTER II

### LITERATURE REVIEW

In business world, all firms are in the competition whether they are a big firm or small entrepreneur. It cannot refuse that every firm wants to be a leader in their specific market. Many firms had made their way to a leader position but only a few can maintain their leader positions. There are several aspects that influence the changing of their positions, such as high competition in the market, economic crises, lack of resources etc. One of the important aspects is leadership. Corporate sustainability refers to ensuring that organization uses strategies, which contribute to a long-term success. As the world economy, long-term value and success are linked to firms' environmental, social, and governance. (*Regency Foundation Networx, 2008*) Sustainable practice is not only help maintaining a well-being of social and environments, but also lead business to survive in a long run. In addition, a successful corporate sustainability also helps the bottom-line performance of the business and its competitive advantages.

In Europe, corporate sustainability is promoted using Rhineland's philosophy. This has been applied to Asia as well. Such as Japan, a strong employee focus pushes Japan to the advance stage of capitalism. In Southeast Asia, Singaporean governments require each firm to take responsibility for their employees' social welfare. Moreover, Thai's „Sufficient Economy Philosophy“ aims at creating balance and sustainability for the society. (Kantabutra and Suriyankietkaew, 2013) It can say that there are 2 different ways of leading an organization, Anglo/US and Rhineland leadership principles. According to Anglo/US principle by Kantabutra and Suriyankietkaew (2013), it suggested that firms should focus on short-term strategy to get a higher profit and emphasize on shareholder value over other stakeholders. While, Rhineland approach tries to emphasize on the long-term perspectives. Every stakeholder related to the firm is taken into account, in order to grow sustainably.

According to Rhineland's practice declared by Kantabutra and Suriyankietkaew (2013), there are 19 practices that identify how sustainability is developed within an organization in a particular area. Later on, „Honeybee“, a new leadership concept is developed from Rhineland's. This is also a framework of the sustainable leadership approach that this paper will focus on. Honeybee is a resilient and humanistic approach, which consists of 23 leadership practices, categorized into 3 groups as followed.

### **Foundation practices**

1. *Developing people*: develop everyone continuously, not to choose only some employees in higher level.
2. *Labor relations*: seek cooperation and team work
3. *Retaining staff*: value long tenure at all levels
4. *Succession planning*: promotes from within whenever possible, rather than recruit outsider.
5. *Valuing staff*: concern about employees' welfare and treating them well.
6. *CEO and top team*: CEO works as top team member or speaker rather than a hero. The power distance between CEO and employees is low.
7. *Ethical behavior*: doing-the-right-thing as a core value.
8. *Long or short-term perspective*: prefers long-term over short-term perspective to sustain the business in a future change.
9. *Organizational change*: change is an evolving and considered process. Everyone prepare to adapt to changes in the future.
10. *Financial markets orientation*: seeks maximum independence from others
11. *Responsibility for environment*: protects the environment
12. *Social responsibility (CSR)*: value people and the community
13. *Stakeholders*: everyone matters, not just shareholders and CEO
14. *Vision's role in the business*: shared view of future is essential strategic tool because everyone aims to the same direction

### **Higher-level practices**

15. *Decision making*: consensual and devolved. Everyone agree with decision although it is not the best for some specific team.



16. *Self-management*: staffs are mostly self-managing. They can manage and run by their own.
17. *Team orientation*: teams are extensive and empowered. Working across department is accepted.
18. *Culture*: fosters an enabling, widely shared culture.
19. *Knowledge sharing and retention*: spreads throughout the organization, not just some small groups.
20. Key performance drivers
21. *Trust*: high trust through relationships and goodwill.
22. *Innovation*: strong, systematic, strategic innovation evident at all levels.
23. *Staff engagement*: values emotionally committed staff and the resulting commitment. Staffs are willing to stay and do anything even beyond their responsibilities.
24. *Quality*: embedded in the culture. The organization invests to improve quality at all time.

These practices enhance brand and reputation, customer satisfaction, solid operational finances, long-term owner and shareholder value, and long-term value for multiple stakeholders.

All of the above practice in 3 categories, including foundation practices, higher-level practices, and key performance drivers, are the factors that can lead the organization to success in a long run. They also consequently facilitate more profit and opportunities to a firm. In my opinion, these elements of Honeybee sustainability leadership can help organizations to endure difficult social and economic and situation, and helps organizations to maintain their leadership position. Moreover, this paper will be focusing on a sustainable leadership framework, which has been proven its success by leading companies in Thailand in the previous researches.

## **1. Theptarin Hospital**

Theptarin Hospital is specialized in endocrine-related disease prevention and treatment. Theptarin Hospital shows moderate and most evident of Rhineland sustainable elements through their practices. Such as, internal promotion and in-house

training to all employees ensure management development, skilled workforce and retaining staff to Theptarin. With research as its core, both incremental and radical innovations lead the hospital to quality services in Thailand. Theptarin ethically and socially tries to focus on other stakeholders, reflecting its strong organizational cultural. Moreover, the hospital plans in long-term, which organizes for uncertainty and change in the future. These 15 out of 19 Rhineland's characteristics can sustain the organization in a leader position throughout its existence.

## **2. Siam Cement Group**

SCG is the largest and most advanced industrial conglomerates in Thailand. SCG obtains characteristics of Sustainable leadership of Rhineland as the company communicates and develops sense of social responsibility and ethical thinking among employees. 18 out of 19 elements of Rhineland's approach tend to show most evident. (*Kantabutra and Suriyankietkaew, 2013*) Other than training and developing employees, SCG tries to engage staff to create loyalty and involvement in the organization. Although, CEO appears to be heroic leaders, due to respecting senior people in Thai culture. The firm also seeks self-managing employees in order to be innovative. SCG top managers are promoted from within the company. Therefore, the organizational culture is quite strong due to the emphasis on core values and visions. It can say that sustainable leadership framework enables top management to apply this guideline and lead the company in a sustainable way.

## **3. Bathroom Design**

Bathroom Design Co., Ltd. is the leading sanitary products producer, which focuses on innovative design and technology. The previous research has found that the company leadership philosophy matches with Rhineland sustainable leadership framework. According to company goals of developing sustainable growth, stakeholder-values, and continuous innovative product launching, Bathroom Design has meet a long-term perspective criteria, innovation, and ethical behavior issues. The firm also provides training and staff development program, resulting high evident on people priority, skilled employees, and retaining staff. Knowledge are shared within

the organization. In term of organizational culture, the firm emphasizes on ethics, diligence, perseverance, social responsibility, and innovation among employees, reflecting as a strong organizational culture. As Bathroom Design emphasizes on long-term perspective, the investment is prepared to improve quality, social and environmental responsibility, employees, and for uncertainty and change in the future. Therefore, Bathroom Design has a close match to Rhineland sustainable practices, which assist the firm to maintain a leadership position in the related markets over time.

#### **4. True Corporation**

One of the leading multiple platform company in Thailand, True Corporation has endured many economic and social situations to become a successful telecommunications-related business. As this type of business requires high financial investment, True Corp emphasizes on long-term gains. In term of human resource, True Corp train and develop employees, as well as building a good relationship within the company. Other aspects such as retaining staff, developing people and promoting within the firm, valuing staff and staff engagement appears in the organization. However, having CEO as a top team speaker tend to have least evident due to seniority in Thai culture. The firm give important to product and service innovation developed in order to maintain its competitive advantage and market share. True Corp also takes Social and Environmental Responsibility seriously, along with the ethical behavior within the company and to other stakeholders. A long-term perspective of top management, vision and knowledge sharing, and trust helps the firm to remain a strong culture in the firm. Most elements of 23 Honeybee practices in True Corporation matches the characteristics of sustainable company.

#### **5. Mahidol University**

Mahidol University is the oldest university in Thailand, established in 1888. It was found by His Majesty King Chulalongkorn (King Rama V) beginning with provides healthcare service to society. The His Majesty King Rama V and His son, His Royal Highness Prince Mahidol of Songkla became a role model for moral values, which is a root of core values of *altruism* and *integrity*. After the university has

expanded to other faculties, the new core value includes Harmony, Altruism, Mastery, Determined, Originality, Integrity and Leadership, which are communicated and developed as a strong organizational culture here. According to Kantabutra and Avery (2010), evidences of long-term perspective, knowledge sharing and retention, quality, staff engagement, and trust, are shown in the organization. New staffs are also required to share the same values. Furthermore, innovations were developed continuously through the highest research performance in Thailand. The university also broadly focuses on stakeholders, values staff, and continue to maintain the strong cultures and social and ethical values.

## **6. Sa Paper Preservation House**

Sa Paper Preservation House is a 49-year-old company producing Sa paper and Sa paper products from mulberry trees. The company began with small household business, expands slowly and has been a leader in Thai Sa paper industry. Low capital required and high margin products draw new comers to the market, resulting more substitutes in the industry. SPPH endured many crises, such as rising oil price and global economic crisis by maintaining its quality products and continuously improving the business throughout the downturn. The key aspect that drives SPPH to be the leader in the market, apart from long-term thinking perspective is the relationship between every stakeholder, including employees. As the business involves supply of natural resources, the company decided to deal with uncertainty and change by growing Mulberry trees to prevent the lack of resources, also helping people in the community to be employed and have income. SPPH values their employees because happy employees are keys to produce innovative products. Therefore, both incremental and radical innovations were found in the products and processes. Moreover, the ethical behaviors and social responsibilities are shared within the company. Sa Paper Preservation House has proven that Thai small business can also success by implementing sustainable elements in management.

Since Sustainable Leadership has gained support in Thailand as an approach to ensure corporate sustainability and no study has been conducted into *jewelry industry*, the present study adopts the Honeybee Leadership as a framework to

explore business practices of a business in the proposed industry to determine if they are consistent with the Honeybee leadership. Recommendations to improve the business practices so that the business can be more sustainable will also be provided. Methodology used for the present study is discussed in the next chapter.



## CHAPTER III

### METHODOLOGY

To answer the research question, in-depth interview observation techniques are adopted as the data collection approaches to be flexible to interviewees and to collect continuous data. The research data was collected by non-participant observations made during visits, in order to observe employees' behaviors, attitudes and culture among the organization. (Ask, 2013)

Open-ended questions are used to encourage meaningful answers using knowledge and feeling of participants. A list of open-ended questions is developed to facilitate interviewer and also reduce complications for interviewees. These questions are provided below. (Media College, 2012)

**Table 3.1: List of Interview Question**

Honeybee Elements	Interviewees	Questions
1. Developing people	HR  Employee	- What kind of training program developed for all employees? How often?  - How much budget does company spends for training each year?  - Does the company provide any training program to you? In which area? How often?
2. Labor relation	-	-
3. Retaining staff	HR	- What is the average working hour per day?  - How long do employees working for company?  - How often do you recruit new employee per year?  - What are the reasons behind to recruit new employees?

**Table 3.1: List of interview questions (Cont.)**

Honeybee Elements	Interviewees	Questions
4. Succession planning	HR	- Is there a promoting plan for all position? How?  - Who will replace middle level manager?  - How many of them are promoted within the division?
5. Valuing staff	Employee	- How does the company provide/concern about employees' welfare?
6. CEO and top team	Manager	- How does CEO involve in each division?
7. Ethical behavior	Customer  Sales representative	- How do you feel about the product and service from this company?  - How do you treat customers?
8. Long-term/short-term perspective	CEO  Marketing manager	- What are the goals and plan in the future?  - What is your target in term of sales and customer?
9. Organizational change	CEO  R&D	- How do you prepare for the coming AEC?  - How do you plan for future products?
10. Financial market orientation	N/A	N/A
11&12. Social & Environmental Responsibility	CEO	- How do you care about social/environmental issue?  - How much do you invest to take responsibility of social and environment?
13. Stakeholder	CEO	- How do you focus on every stakeholder?
14. Vision's role in business	CEO	- Can you tell the vision of the company in the future?
15. Decision making	Manager	- How do you make decision for each project or situations? Who are involving in decision-making process?
16. Self-management	Employee	- How do you manage yourself at work?
17. Team-orientation	Manager	- How do you work across decision?
18. Culture	Employee	- How would you describe culture here?  - How do you involve in organizational culture?
19. Knowledge sharing and retention	Employee	- How do you share or exchange knowledge within the company? Between which division?
20. Trust	Employee	- How does company trust in you?
21. Innovation	R&D	- How much % of income do you invest in R&D?
22. Staff engagement	Employee	- How do you willing to help company?  - If there were a better offer from other company, would you consider taking the offer? Why?

**Table 3.1: List of interview questions (Cont.)**

Honeybee Elements	Interviewees	Questions
23. Quality	CEO	- How do you improve quality of product?  - How do you maintain standard and product quality?
	Employee	- How do you value the product quality in the production process?

The ensure validity of the data the probing technique is adopted, which helps clarify unclear and irrelevant answers in order to receive the accurate data. The probing techniques that is used are, different ways of asking questions, a repetition,

The sample is convenient as interviewees are one CEO, three managers in Marketing, Human Resource, and R&D divisions, two employees in Design division and factory, one customer (Thai customer), and one neighbor in the community, who are willing to participate in the study.

Following the previous studies of Rhineland practices at a Thai small enterprise, Honeybee leadership is adopted as the framework to collect and analyze data.

**Table 3.2: Honeybee Leadership Framework**

Leadership Elements	Sustainable leadership “Honeybee” philosophy Sophisticated, Stakeholder, Social, Sharing	Shareholder-first “Locust” philosophy Tough, Ruthless, Asocial, Profit-at-any-cost
<i>Foundation practices</i>		
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



**Table 3.2: Honeybee Leadership Framework (Cont.)**

<b>Leadership Elements</b>	<b>Sustainable leadership “Honeybee” philosophy Sophisticated, Stakeholder, Social, Sharing</b>	<b>Shareholder-first “Locust” philosophy Tough, Ruthless, Asocial, Profit-at-any-cost</b>
8. Long-or Short-term perspective	Prefers the long-term over the short-term	Short-term profits and growth prevail
9. Organizational change	Change is an evolving and considered process	Change is fast adjustment, volatile, can be <i>ad hoc</i>
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. Stakeholders	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
<i>Higher-level practices</i>		
15. Decision making	Is consensual and devolved	Is primarily manager-centered
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	Spreads throughout the organization	Limits knowledge to a few “gatekeepers”
20. Trust	High trust through relationships and goodwill	Control and monitoring compensate for low trust
<i>Key performance drivers</i>		
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
<i>Source: Avery and Bergsteiner (2010, pp.36-7)</i>		

## CHAPTER IV

### FINDINGS

**Table 4.1: Key Gems International's Results**

Honeybee Elements on the Sustainable Leadership Grid		Key Gems	Extent to Conform		
			Least evident	Moderately evident	Most evident
1	Developing people: grow their own	✓			
2	Labor relations: cooperation	-			
3	Retaining staff: strong	✓			
4	Succession planning: strong	✓			
5	Valuing staff: Strong	✓			
6	CEO and top team: top team speaker	✓			
7	Ethical behavior: an explicit value	✓			
8	Long or short-term perspective: long term	✓			
9	Organizational change: considered process	✓			
10	Financial markets orientation: challenge them	N/A			
11	Responsibility for environment: strong	✓			
12	Social responsibility (CSR): strong	✓			
13	Stakeholders: broad focus	✓			
14	Vision's role in the business	✓			
15	Decision making: consensual	✓			
16	Self-management: strong	✓			
17	Team-orientation: strong, self-governing	✓			
18	Culture: strong	✓			
19	Knowledge sharing and retention: strong	✓			
20	Trust: strong	✓			
21	Innovation: strong	✓			
22	Staff engagement: strong	✓			
23	Quality: high is a given	✓			
Total elements of conformity		21			
Legend. ✓ = conforms; - = does not conform; ? = not known.					

## **Key Gems International data analysis**

From the result in Honeybee frameworks checklist, it can be analyzed in each element in detail as followed.

### **1. Developing People**

In jewelry industry, employees are the most important assets that drive the company to success. For Key Gems International, every process of making a single jewelry piece involves people in each different process. In order to develop their employees, Key Gems provides training in each area varied from different divisions. For example, the company invests a lot to take designers to international trade fairs, such as Hong Kong Jewellery & Gem Fair in Hong Kong, BaselWorld (The World Watch and Jewellery Show) in Switzerland, and Vicenza Fair in Italy. Khun Rangsun, the CEO believes that investing in design and R&D would improve employees' creativity and skills and differentiate his products from other the competitors. Other than that, company also provides sources for developing products, such as jewelry magazines and trend book every season. Moreover, when there is new subdivision, manager will ask if any of the team wants to work on the new subdivision. If one wants to change to that subdivision, the company will provide budget for training in a new area of work. Therefore, Key Gems has shown a strong evidence of developing their people in the organization.

### **2. Labor Relation**

This element is not identified, as Key Gems International doesn't have labor union.

### **3. Retaining Staff**

As mentions before that employees are valuable assets in each process, firms should retain their employees to operate the business continuously. At Key Gems, employees in office and factory work nine hours a day, from 9am-6pm, Monday – Friday, and six hours on Saturday for office workers, and eight hours for employees in the factory. As the company deals 80% with international customers, the

office needs to open on Saturday to serve customers who live in different time zone. Key Gems does not have a fixed recruiting season. Recruiting will take place when there is a need of employees in each area of work and especially for an expansion of business. The staff retention rate of the company is moderate as the criteria of recruiting include passing a probation period before signing a contract. Some new employees who find that they do not fit the job tend to leave in early stage. While most employees stay with the company over three years, some have been staying for 11 years of 14 years operating.

#### **4. Succession Planning**

As interviewees said that the company tried to promote people within the division or company, rather than recruiting a new employee for manager or other positions.

*“We are trying to promote employees within the division first, as our main policy is to grow with the organization. In case of, our employees cannot be in the position due to a lack of qualifications, skills, or experiences. Then we consider recruiting a new one from outside. But we normally try to push the potential employees within the company first.” (Human Resource Manager)*

As the CEO thinks internal promotion is crucial because he wants his employees to grow together with the company. Consistent with Honeybee framework, the company tried to train and push the potential employees or team leader to advisor or manager position. However, if the person does not have an ability or readiness to move up in a higher position, the company will then have to start recruiting a new employee for that particular position.

#### **5. Valuing Staff**

In order to produce quality jewelry with a good design, it directly involves employees’ skill and performance. What affects their skill and performance is their well-being. Key Gems International provides facilities such as, dining area, kitchen and coffee corner, hygienic restroom, and working atmosphere to all employees. Every

employee has standard holidays, welfare, and yearly bonus every year. Moreover, if anyone has accident or pregnant, the company will allow extra holidays for them to recover without cutting their salary. The CEO believes that when his employees are happy, it would reflect a better performance and loyalty. Key Gems has a high evident on valuing staff

## **6. CEO and Top Team**

In Key Gems' culture, CEO will be a leader of the company while also performing a MBWA (Management by Walking Around). Every month, there is a middle level manager with CEO meeting. The middle managers then set a weekly meeting with their team members, to communicate the ideas and direction. Khun Rangsun also goes and meets employees by himself to make a comfortable atmosphere in the office and factory. By doing some close monitoring, he can also see the working environment and employees' progress as well. Khun Rangsun sometimes directly discusses a project with employees and manager, rather than pass it to manager to explain the team. Therefore, a direct vision and information are passed onto everyone equally. This is considered a moderate evidence of Honeybee elements occurred in the company.

## **7. Ethical Behavior**

Ethical refers to „doing the right thing“. Key Gems has embedded *quality* to its culture. Every division concerns on quality of the final products and service, from the first process as one of its core values. There is a quality control in each process until the last quality control process before distributing. They always make sure that the final products are qualified as the best quality of their standard. All sale representatives are trained to provide the best service to customers. In term of ethic on internal stakeholders, Key Gems also concerns about employees' well-being. For examples, it is a regulation that all employees in the factory must wear mask (some sections also need to wear safety glasses) during work to prevent dust and other substances to their respiratory system and eyes. Consequently, the company has shown high evidence on ethical behavior.

## **8. Long or Short-term Perspective**

In term of CEO perspective, Khun Rangsun consider both short-term and long-term plan as a goal. Short-term planning includes gaining more orders and customers from international fairs. In term of long-term perspective, Khun Rangsun is prepared for the expansion of the company size and scope, such as training employees for new process, called CADCom, will ease design and production processes. By having this process, the delicate pieces and symmetric pieces will be produced faster and more accurate. Moreover, as the company has been continuously expanding throughout 14 years operation, the CEO is seeking for an opportunity to enter stock market, either SET or MAI.

## **9. Organizational Change**

Organizational change refers to how the company can adapt to any change from internal and external environments. In term of the coming AEC, the CEO has prepared for new laws and regulations that will be applied when AEC takes place, such as non-barrier tax between AEC country members. Khun Rangsun agrees the AEC will surely expand his jewelry market with new group of customers. However, the marketing plan has to be adjusted to suit the new market as well.

## **10. Financial Market**

Key Gems International is not a listed company at the moment, but Khun Rangsun, the CEO considers entering the MAI stock market in the future if the company performance is positive.

## **11. Responsibilities to Environment**

The advantage of jewelry manufacture business is that very less pollutions are released from the factory, compare to those where, polluted water, air, and sound has to be managed before release to public. At Key Gems factory, there is very low level of wastewater, polluted air, and noise released. Therefore, the operation of the factory does not cause environmental effects to the surrounding community and environment.

Key Gems International's factory is located among local commercial business area and some residential, in Jaroen nakorn road. The interviewee from the surrounding community stated,

*“The factory and the community have a good relationship. They don't make trouble to us. The employees are even support our business. They are our customers. I never hear any noise or other pollutions from the factory so far.” (a neighbor in the community)*

Key Gems show moderate evident on responsibilities to environment element, as the business does not affect surrounding environments. Therefore, the CEO does not need to manage a lot of pollution problems.

## **12. Social Responsibilities (CSR)**

Corporate Social Responsibility has impact on business in many industries and became a trend in industry in Thailand for a while. The CEO of Key Gems International also considers CSR as one of the cultures in the company. Every year, Key Gems organizes an outing trip for all employees including technicians to attend a CSR trip. Different CSR activities are organized in each year, such as taking care of the orphans at orphans house, planting trees, making donation and making merit, etc.

## **13. Stakeholders**

Stakeholders are not just shareholder but including all management team, employee, suppliers, partners, customers, and people who involves with company business. Key Gems' stakeholders include almost all of these stakeholders except partner. The company only has one owner, Khun Rangsun. These stakeholders are valued by the company, especially, suppliers and employees. Khun Rangsun said,

*“We have meeting with our supplier regularly, as they have to introduce new kinds of gems, new kinds on cutting for those gems, new machine or program, such as CADcam. Without suppliers, of cause there will be problems. For employees, we arrange a New Year celebration party for all employees every year. All employees in all levels can come and see me openly, not just managers. In terms of their well-being, social*

*welfare is of course provided according to the law but what we provide more is extra support for them. For example, welfare law allows 90 days of maternity leave, while Key Gems provides more with full salary paid. We also allow extra leave up to one year for some of our employees, who got heavy accident. However, we have to consider the performance and behaviors of that person too. As many employees have been working with us over 7 years, we try to physically and mentally support them when they have health problems. Basically, we try to emphasize supporting their feeling as well.” (CEO)*

In term of keeping relationship with customers, marketing team allow credit term for retailer and wholesaler customers. If they are existing customers without bad record, they can negotiate for longer credit term. Thus, the company illustrates highly evident on emphasizing all stakeholders related to the company, which is one of the criteria of being sustainable firm.

#### **14. Vision’s Role in the Business**

Vision’s role in the business is how everyone sees the company in the future. Key Gems’s CEO has a long-term perspective which allows the firm to communicate vision and cultures. Key Gems’s vision is shared among employee in the office as they cooperate between divisions when working. On the other hand, employees who work in the factory rarely share company’s vision. They tend to work only on their responsibilities. This results the Honeybee’s elements on *vision’s role in the business* to be moderately evident in Key Gems International.

#### **15. Decision Making**

In almost every major and minor meeting at Key Gems involves decision-making. The CEO, Managers, or team leaders are ones who conduct a meeting. When it comes to a major decision-making, such as new project and new area of marketing, the CEO will ask for other managers or team leaders’s opinions. The ideas or solutions will be discussed in the meeting. Everyone in the meeting is allowed to give opinion or suggestion. The final decision has to be agreed by everyone, although it is not the best



decision for every single team but everyone accepts it because it will help company in a bigger perspective. Consequently, Key Gems demonstrate a high evident in *Decision Making* element of Honeybee leadership practices.

### **16. Self-Management**

For fourteen years of operating, Key Gems has been creating a working culture as its routine. Employees know what they are responsible for. For example, other than editing customers' orders, designers will keep creating new design according to the new trend of jewelry regularly. They do not need to always be told what to do by their manager. The manager can give them suggestions or idea for further development, which makes a variety of designs for Key Gems' products. While employees can feel free to work on their own, this reflects a better performance for the company.

### **17. Team-Orientation**

Team-orientation occurs in most medium and large company, as the work flows across many departments. Besides, Key Gems also performing team-orientation among most of the divisions. According to information from some employees and observation, the communication between divisions occurs all day. Employees from one division transfer their works and asking question the other division. For examples, before the production, the order and design has to be transfers between marketing division, design division, and sometime the CEO, to be approved. Before and during the production process, designer then communicate with technicians in many specific process to get the right product. These communications take place at Key Gems due to its core value of quality is emphasized in every division. Only some of the divisions such as Human Resources, that is not involve in the process because they have different routine work. Therefore, the moderate result of *Team-orientation* is shown, as they seek cooperative relationship among the company.

## **18. Culture**

Culture, a soft rule that everyone in the organization follows. In order to have a strong culture in the firm, Key Gems select people not just by skill and experience, but look at their attitude and value as well. As the company core values are customer focus, valuing their people, and especially high quality. Most employees who share same values as the company tend to work with company for a longer time. All employees tend to considerably focus on quality in each task they responsible for, which reflect a high quality of products. In term of social culture between employees, new employees are welcomed and told what to do and not to do at work, by the existing employees. Most of them are happy with the organizational cultures, while some who find themselves not fit to the cultures tend to stay for a short time. Fundamentally, the cultures are strong in most employees, while some new employees may find difficulty to share some cultures. Consequently, the organizational culture at Key Gems is carried on among most employees, which is moderately evident in this sustainable leadership criterion.

## **19. Knowledge Sharing and Retention**

To make employees feel being part of the organization is to acknowledge them equally. Knowledge sharing not just helps with their skills and knowledge, but also help their attitude towards the organization as well. Key Gems' management team emphasizes knowledge sharing within the division. For examples, as the CEO brings some designers to oversea fairs to see the trend and new designs, those designers have to tell their colleagues about what they see and learn from the fair. So that other employees have the same understanding of the current market and trend, which will ease the communication during work and be competitive in the industry. This is an example of knowledge sharing that occurs after each fair. The Human Resource Manager explains about knowledge sharing example below.

*“We take some of our designers to major fairs in oversea, such as in Switzerland, Italy, and Hong Kong show, to see new design and new trends in international market and share with the firm. This will help developing of design to compete internationally. Our CEO emphasizes on*

*investing in design more than other jewelry companies in Thailand. Due to a high cost, very few companies bring their designers to overseas shows.”*

When new technology, process, program and equipment are brought in the company, the knowledge will be shared in the training program to the division that is relating. This reflects staff retention rate to be low because all employees are considered as important asset of the organization. As the company emphasizes on knowledge sharing among employees and retention rate is low. The high evident is given for this element in Honeybee’s practice.

#### **20. Trust**

In term of security, jewelry factory has a high security at workplace, due to its high value business that involves precious materials. Every factory performs a check on their employee before and after work and break. The cameras are placed in each room to prevent stolen gems, designs, and other documents. In term of working, employees are regularly given tasks to accomplish. And offer overseas observation trip to employees in operational level. When trust is given to employees, consequently, the knowledge sharing occurs among employees. However, not every employee is offered to join overseas trip as it cost a lot of money to do so. Therefore, this results moderate evidence in trust elements of Honeybee sustainable leaders practice.

#### **21. Innovation**

Key Gems performs the most evident on innovation aspect. As mentioned earlier, the company regularly conducts a meeting with suppliers to let them introduce new process, machine, program and equipment. Some of these innovations are brought into the company to help reduce time and processes, ease the production and design process, as well as to get higher quality of products. In term of performance, Key Gems encourages employees to find newer, faster, and more accurate way of working by bringing in new technology to help them. The company sees the importance of investing in designers and Research and Development division to produce new, yet saleable designs, which differentiate Key Gems from other Thai jewelry business.

## 22. Staff Engagement

In term of staff engagement, Key Gems shows a moderate evident in this aspect. The process of recruiting new employees, the applicant has 3 months on probation period. They are required to pass the probation to sign employee contract. Some new employees, who do not pass probation, then have to leave the company. This is one of the reasons of staff retention at Key Gems. For existing employees, who have been working here for a period, tend to stay longer than 3 years. Some of them have been working with the company for 11 years.

In Jewelry business, there is a high competition between companies. The company with better skilled employees tends to have more advantage. This leads to employees snatching by offering a higher incentive to employees in other company. This problem happens to Key Gems employees as well. Employees, who take a better offer from other company, tend to be new employees. While ones who have been working with company for a long time, wants to stay with the company even though they are offered with a better offer.

## 23. Quality

Key Gems carries its core value of quality in all processes. The CEO gives importance to quality as he invests on new technology that will help ease the operational works and production. The employees are also emphasized on quality and they share this core value within the company. The General Manager illustrates on quality element as followed:

*“We consider quality as the most important issue for all levels of operation. Each division has quality control for the particular tasks before going to the next step. Especially, the production process, many approvals are need along the production processes for each piece. The CEO also insisted on keeping the standard as well as trying to improve quality continuously.”*

Thus, quality is emphasized as their core value, Key Gems obtain the most evident in quality to accomplish the cooperate sustainability.

## CHAPTER V

### DISCUSSION AND CONCLUSION

In this chapter, Key Gems International's practices will be compared to Honeybee elements to see the differences between the company's practices and the theory. Then discussion and specific recommendations on the differences in the resulting table will be drawn in this chapter.

The first element of Honeybee elements on sustainable leadership is *Developing People*, which Key Gems has shown the most evident in this practice as the company develops everyone continuously. This is accordance with some company in the previous studies like Mahidol University and Siam Cement Group. However, due to the company size is much smaller than SCG, training system is different in scale and some offers.

Secondly, the *Retaining Staff* element is moderately evident as come new employees who tend to leave company after they think the work doesn't suit them. These employees may have skill and experience that can help company in specific area. Therefore, to keep them, the recruiting team should select applicant who share the same value as the company. Training and trust should be given to new employees to make them feel like being part of the company.

In term of *Succession Plan*, Promoting within the company is taken into account rather than bringing outsider. However, some potential employees may not have expertise, leadership skill or readiness to take the position. Therefore, the company needs to recruit outsider to take the position. This practice is in line with True Corporations practice. In order to obtain higher evidence in this element, the company should train or provide educational support the potential ones on specific area that they need improvement.

*Valuing Staff* is significantly proved at Key Gems. CEO and managers emphasize on treating staff as family member, which indirectly reflects company performance in a good way. Key Gems provides their employees, who have heavy

accident or take maternity leave more than what social welfare covers. These practices matches with Sa Paper Preservation House, Siam Cement Group, and True Corporations" practice, which obtain the most evident in this element.

Some area of *CEO and Top Team* at Key Gems still has an area of improvement as the company shows moderate evidence. In Thai culture, it is hard to have CEO as top team speaker, due to a respect of seniority. Therefore, Key Gems cannot achieve most evidence on this element. Moreover, a large-scale company like SCG and True Corporation has less evident due to its size and distance between employees and CEO. A recommendation on this issue is to decentralize power and CEO should work with each team in some projects or meeting. This would help decrease the heroic leader in the company.

Key Gems" CEO has a *Long-Term Perspective* on his business. This characteristic is also found in other sustainable organizations, such as SCG, True Corporation, and Bathroom Design. A long-term perspective will ease the company when change or crisis takes place.

Although Key Gems" CEO have a long- term perspective, it is hard to embed the perspective to everyone in the organization. Not every managers and employees are ready to adapt to *Organizational Change*. For example, they need to be acknowledged and prepare for the coming AEC, which will affect the market. Therefore, sale representatives and marketing team should be prepared in language, knowledge, and service that suite new market. Providing training, education, and other support to employees can help the company to face any change in the future.

*Responsibility for Environment and Social Responsibilities (CSR)* are close to discuss together. Key Gems factory rarely produce pollution to the surrounding community and environments. Meanwhile, the CEO and General Manager have arranged CSR activities every year, but those activities are basic activities that most businesses tend to do. The management team may have more CSR activities that involve directly to the community around the factory, such as Car-Free Day in every month. This will help reduce the pollution released from employees" cars to the community, and also help reduce traffic on the public road for bigger level at the same time.

Key Gems has a strong *Stakeholders* focus to all stakeholders, suppliers, customers, employees, and community. One of the practices is in line with True Corporation's practice, in term of customer service. They both provide after sales service for customers. The company keeps building relationship between suppliers, customers and community. Therefore, Key Gems attains most evident on stakeholders characteristic in Honeybee principles.

The *Vision's Role in the Business* strongly exists in CEO and management team. However, the some employees in the factory site are not communicated a clear vision. They tend to work only on their given tasks. When everyone has the same vision, it helps the company to effectively moves in the same direction. To improve this area, Key Gems management team may organize a training annually, to communicate visions and to emphasize on cultures and core values of the business.

*Decision Making* process in Key Gems is reasonable and effective. All decisions are made by using consensual decision-making. Everyone agree with the decision even though it is not the best one for some team but if it the best one for company, then it is acceptable. This practice support Key Gems to have high evidence on decision-making element.

All divisions in Key Gems have high *Self-Management*, as employees tend to be able to manage themselves. They don't need to be control in every step. Managers are being there to assign, suggest and approve their works.

*Team-Orientation* appears in the company almost every division because the works flow through the each division step by step. Only in some divisions, such as Human Resource and IT that has less involvement to the core business. The recommendation on the area is to share knowledge about the core business to them too, so they can help in some specific area. For example, IT staff may be able to help the stock keeper to manage stock database when there is problem. The moderate evident of team-orientation also happens most of the big cooperates, such as True Corporations, SCG, Mahidol University, and, Bathroom Design as well.

In term of *Culture* in Key Gems, a strongest culture that is embedded in every employee is high quality. While some other culture may dilute due to some new employees do not share the same values as the company and some who does not take it

into importance. Culture can be stress to all employees by training or organizational meeting. The training or meeting should have CEO to speak about vision, goal, and core values. This would help strengthen up the cultures within the company.

Key Gems has high *Knowledge Sharing* both within and between divisions. As the example about taking designers to oversea fairs and share knowledge to other colleagues, has mentioned above. The company receives more than what they invested with those designers. The new technology, design, and process help company to compete in global market.

Moderate evidence on *Trust* has shown in Key Gems International due to the business is high value. The materials are valuable, therefore, they need high security. Employees' work has to be approved by manager in each division before the works flow to other process to prevent false. This may lose some trust in employees' skills. For example, all design must be approved by Design Manager before the production start. Some good design may not be selected to produce. The solution of a moderate trust in the company is to strengthen employees' skills and knowledge, along with share the short-term and long-term goal with employees who involve with core business. A good communication is needed when assigning project or tasks to prevent misunderstanding and false. When the performance is improved, managers can then have more trust in their team.

Key Gems' CEO gives important to *Innovation*, especially in the core processes. As mentioned in findings, Khun Sun seek for new technology, process, program, and design technique. He believes the innovation can help company's performance and push Key Gems towards international market and standard. This practice matches with Mahidol University, True Corporation, and Bathroom Design, while it is opposite to Sa Paper Preservation House because they never replace human with machine.

*Staff Engagement* at Key Gems is considered as moderately evident. The new employees tend to have low staff engagement than ones who have been working for a while. This may affect by different values between the employees and company. To improve staff engagement area, the recruiting team and CEO should look carefully



on new applicants if they share the same value and how much they willing to stay with the company.

Lastly, the most important aspect in terms of product and service is *Quality*. Quality is embedded in Key Gems' culture as the processes in each division are always ensured that quality output is sent to one another. Key Gems produces quality in both product and service term. As well as, the employees must have quality of work and skills. SCG is one of the previous studies, which believes that quality staff will lead to quality in product and service.

## **Conclusion**

The moderate fit between Honeybee elements on sustainable leadership and Key Gems International's practices reasonably support Honeybee principles. 21 elements of Honeybee criteria have appeared in Key Gems International. Ten of them are strongly evident, while other ten elements show moderate results. As the differences between Key Gems' practice and Honeybee leadership is discussed in the previous section. There are rooms for improvement, which are Retaining staff, Succession planning, CEO and top team, Organizational change, Responsibility for environment, Social responsibility (CSR), Vision's role in the business, Team-orientation, Culture, Trust, and Staff engagement. The recommendations for these areas are provided according to the company limitation and possibility. The result of this study can be a supporting evidence of Honeybee leadership framework for Thai SME and Jewelry business in developing country. Honeybee leadership practices should be implemented in organization, in order to sustain the business's success in a long run.

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