EMPLOYEE ENGAGEMENT IN SMES:
THE CASE STUDY OF
"BEAUTY CLINIC X" IN THAILAND

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ABSTRACT

Employee Engagement has obtained strategic significance to the organizations in the recent years of tougher competition and severer talent war due to the globalization. Now the concept of Employee Engagement is recognized as the force to generate better performance, innovation, and higher customer satisfaction that all are critical for business success.

Many studies on Employee Engagement have been done by both of academics and private consulting companies. The comparison of Employee Engagement's antecedents from authors is also made which has been finalized as the paper's framework: Attitude toward Work, HR Practice, and Organizational Climate. The study is conducted in order to examine what makes employee engaged at small and medium-sized enterprise of local beauty clinic in Thailand.

The beauty clinic that the paper works on faces low employee engagement due to inconsistent HR practice and tense Organizational Climate which are caused in a failure of reorganization in transition from the first stage of enterprise to the second stage with bigger number of employees. To encourage the owner to recognize the importance of Employee Engagement and to create consistent HR practice to enhance employee engagement will benefit the company in the long run.

KEY WORDS: Employee Engagement / Human Resources / SMEs

24 pages

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CHAPTER I
INTRODUCTION

Employee engagement is one of the critical elements for organizations to survive in severe competitive market and tough economic situation. Research claims that business and organizations function best when their employees put commitment, potential, creativity and capability into center of their operation. Critical competitive advantage also can be gained through employees who are highly engaged. Engagement and enhanced commitment can result in both higher levels of productivity as well as lower levels of employee turnover. Developing an employee engagement strategy and linking it to the achievement of corporate goals will help to win in the marketplace definitely.

Although importance of employee engagement in business strategy is recognized widely, its implementation is not easy and many organizations face with high turnover rate both of big and small companies regardless of its locations. Especially strategically enhancement of employee engagement is very important for small and medium-sized enterprise or SME, because SME have the unique tendency to expect its employee higher engagement due to its limited number of employees and authoritarian management style.

This paper is explanatory and examines what makes employee engaged in a Thai SME. Aim of this research is to find the reasons why employees are engaged for higher competitive advantages. This research is very important, since the number of newly established SME is increasing and innovative SME can be drivers for further economic growth. Especially SMEs will face with much severe competition when ASEAN Economic Community starts in 2015. While big companies obtain more opportunities to expand business within the region, SMEs have to gain more competitiveness for survival. The research will be conducted by the case study of small Thai beauty clinic operated locally in Thailand. The paper is composed of five chapters. The 1st chapter is introduction here. The 2nd chapter will show definition,

consequence, antecedent, and measurement of Employee Engagement through the literature review. The 3rd chapter will explain the research methodology for the case study. The 4th chapter will discuss the results that I will find in the case study research project. The 5th chapter will propose recommendations and limitation.

CHAPTER II
LITERATURE REVIEW

2.1 Definition

For the concept of "Employee Engagement," there is no clear definition, since different group of researchers define it differently. However, Aon Hewitt (2012), a global HR firm, defines Engagement as the state of emotional and intellectual involvement that motivates employees to do their best work – the degree to which you have captured the hearts and minds of your employees. They categorizes engaged employee behaviors into three components; 1) "Say" meaning that employee consistently says positive things about the organization, 2) "Stay" meaning that employee intends to stay with the organization, and 3) "Strive" meaning that employee strives to achieve above and beyond what is expected in his/her daily role.

Christopher Rice (2012) defines that full employee engagement represents an alignment of maximum satisfaction for the individual with maximum contribution for the organization. They also define the equation that EE (Employee Engagement) = MS (Maximum Satisfaction) + MC (Maximum Contribution). Maximum Contribution happens when employees are willing and able to perform mission-critical tasks successfully in order for organization's strategy to become reality. Unlike organization's definition of success, there is no single definition of success shared by all employees. Individual employees are on separate paths toward their own highly personal definitions of success.

The Conference Board, a not-for-profit independent business research association in the United States, also found three factors in common among a various definitions of Employee Engagement: 1) cognitive commitment (e.g. cognitive connection to the work or organization, employee satisfaction and commitment to job etc.), 2) emotional attachment (e.g. emotional attachment to one's work, organization, manager, or co-workers, emotional and intellectual commitment to them, etc.), and 3)

the behavioral outcomes that result from an employee's connection with their company (e.g. employee's commitment to staying with his/her company etc.)

As for the word of "Engagement", Kahn (1990) explained it in contrast with "Disengagement." He defined personal engagement as the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. On the other hand, he defined personal disengagement as the uncoupling of selves from work roles; in disengagement, people withdraw and defend themselves physically, cognitively, or emotionally during role performances.

2.2 Consequence of Employee Engagement

There is clear evidence that Employee Engagement has an impact on performance and productivity levels on individual team, and organizational levels according to Gibbons (2006). Especially, Employee Engagement has positive correlation with good performance and innovation. Gallup, a US based HR consulting firm, research shows dramatic differences between top-and bottom-quartile workgroups on key business outcomes. Engaged workgroups show in productivity, profitability, safety incidents, and absenteeism versus disengaged workgroups. Gallup has proven that companies with world-class engagement have 3.9 times the EPS (Earnings Per Share) growth rate compared with organizations with lower engagement in their same industry.

In addition to the impact on company, Employee Engagement also effects on customer and employer. Gibbons (2006) claimed that high levels of employee engagement corresponded to increases in customer engagement levels even in the cases where there was no direct contact between the employees and the customers. Another study found that companies with high employee engagement had a corresponding level of customer loyalty (repeat purchases, recommendation to friends, etc.) at twice the level of companies with average employee engagement levels. There is the consideration of employee engagement's impact on the quality of product

development and manufacturing, and, more generally, on creating a reputation for the company with which customers connect emotionally.

Employee Engagement also contributes to employer. According to the Conference Board, companies with high employee engagement have voluntary turnover rates one-half that of average employers. If employee turnover rate is low, employer needs to spend less administrative time and energy for recruiting new employee. It is a benefit for employer to be able to concentrate on core businesses instead of management works.

2.3 Antecedent of Employee Engagement

Antecedents of Employee Engagement are located in conditions under which people work. Conditions of the workplace have both direct and indirect effects on engagement. The nature of work (e.g. challenge, variety of work, and autonomy which employee has at work) and the nature of leadership of employer and managers are important antecedents of Employee Engagement (William H. Macey, 2008).

Schaufeli (2007) suggested that antecedents for engagement included variables that influence salient characteristics of the job, the type of climate an employee works in, and the emotional climate of a workplace (cited in Shuck (2010), p. 41). Good job fit provides opportunities for employees to be involved in individually meaningful work and further, that meaningful work effects the development of work-related attitudes as well as the creation of environments where employees feel psychologically and emotionally safe and available and, is connected to the development of employee engagement. Higher degree of job fit brings higher employee engagement. On the other hand, poor job fit results in decreased productivity and satisfaction and increased levels of turnover. (Shuck (2010), p. 44).

More than any other type of commitment, employee's emotional commitment emphasizes the emotional connection employees have with their work and closely parallels the emotive qualities of engagement (William H. Macey, 2008). Psychological climate has important linkages to employee involvement and overall work performance (Brown (1996) cited in Shuck (2010)). Psychological climate has been operationalized as including autonomy in work, supportive management, rewards

and recognition, and self-expression. Employees who experience positive psychological climate are more likely to involve themselves in extra in-role discretionary effort, mediated by engagement in work. (Shuck, 2010).

O'Neill (2008) examined a five-component psychological climate model. He concluded through the research that autonomy, pressure structure, self-expression, and trust had correlation with job satisfaction and affective commitment, and inverse relationship intention to leave (cited in Shuck (2010)).

Gibbons (2006) claims that the drivers of employee engagement are "trust and integrity" that means that the degree of which employee feels that management team cares about their employee, "nature of the job" that means the routine of the employee's job and how the employee derives emotional situation from it, "line-of-sight between individual performance and company performance" that refers to how well the employee understands the organizational goal and how their individual contribution affects overall performance, "career growth opportunities" that means future opportunities of career and promotion, "pride about the company" that means the amount of self-esteem that the employee derives from being associated with the company, "coworkers / team members" that means an employee's colleagues, "employee development" that means the degree to which an employee feels the efforts made by company to develop the employee's skills, and "personal relationship with one's manager."

Antecedents of Employee Engagement explained could be categorized into "attitude towards work," "HR practice," and "organizational climate" as Table 2.1 shows.

Table 2.1 The antecedents of employee engagement

Antecedent	Components	Author	Year
Attitude toward work	Job fit	Shuck	2010
	Emotional connection employees have with their work	William H. Macey	2008
	How employee derives emotional situation from job	Gibbons (The Conference Board)	2006
	Pride about the company		
HR practice	Conditions of the workplace	William H. Macey	2008
	Rewards and recognition	Shuck	2010
	Autonomy	O'Neill	2008
	Career growth opportunities	Gibbons (The Conference Board)	2006
	Employee development		
Organizational Climate	Emotional climate of a workplace	Schaufeli	2007
	Psychological climate	Shuck	2010
	Pressure structure and trust	O'Neill	2008
	Coworkers / team members	Gibbons (The Conference Board)	2006
	Personal relationship with one's manager		
	Trust and integrity		

2.4 Measurement of Employee Engagement

Measurement is strongly connected with the component of Employee Engagement. The degree to which the employee is engaged can be measured by its components. For example, Employee Engagement defined by Aon Hewitt (2012) can be measured by its components such as "Say," "Stay" and "Strive." The degree of how positive employee talks about the organization, and the degree of how much employee intends to stay in the organization, and the degree of how far employee strives to

achieve above beyond what is expected in their daily role are measurement. Aon Hewitt's Engagement Model shown below briefly explains the measurement.

Table 2.2 The measurement of the degree of employee engagement

Say	Consistently speak positively about the organization to co-workers, potential employees, and customers.
Stay	Have an intense desire to be part of the organization.
Strive	Exert extra effort and engage in behaviors that contribute to business success.

According to the definition by Rice (2012), employee satisfaction and contribution to the organization are the measurement of Employee Engagement. In the case that based on Gibbons (2006)'s definition, employee's cognitive commitment such as employee satisfaction, emotional attachment such as emotional commitment to one's work and organization and manager or co-workers, and behavioral outcomes such as employee commitment to staying with one's company are the key measurement.

2.5 Framework and Research Question

This paper adopts the definition of Employee Engagement by Aon Hewitt, which is the state of emotional and intellectual commitment to an organization – the degree to which you have captured the hearts and minds of your employees. Hence, measurement to be used in the research is "Say," "Stay," and "Strive."

Research Question is "What are the factors that explain Employee Engagement in Thai SME, beauty clinic "X"?"

CHAPTER III
RESEARCH METHODOLOGY

3.1 Case Study

The research will be based on the case study of Thai SME, a local small beauty clinic operated in Thailand. As for a case study methodology, a case study research was defined as 'an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident' (cited in Yin (2003) p. 13-14). As for its benefit, it is explained that 'in general, case studies are the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context' (cited in Yin (2003) p. 1). Yin also states that 'the case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points; …relies on multiple sources of evidence, with data needing to converge in a triangulating fashion; and …benefits from the prior development of theoretical propositions to guide data collection and analysis' (cited in Yin (2003) p. 13-14).

Since Employee Engagement is on a contemporary phenomenon which the investigator has no control over, the research will adopt the case study research methodology.

3.2 Description of the company

The company that I will work on as the case study is Beauty Clinic "X" in Thailand. "X", anti-aging medical clinic, was founded by two Thai dermatologists in 2008. It has three branches; in Thonglor, Latprao, and Rama2. "X" is a high-class beauty clinic targeting Thai and foreigner (mostly Japanese) high-income classes with

offering the latest beauty technology that the doctor learned in the United States' beauty epicenter which is New York.

"X" provides two types of services and one type of product. The first is laser surgery by doctor with the aim to eliminate blemish, wrinkle, and moles on customer's face. The second service is facial treatment by therapist with using beauty machines. Laser surgery charges much higher price than facial treatment. "X" also sells original cosmetic product such as sunscreen cream, serum, and cleansing milk etc. Table 3.1 shows the organizational chart of the company.
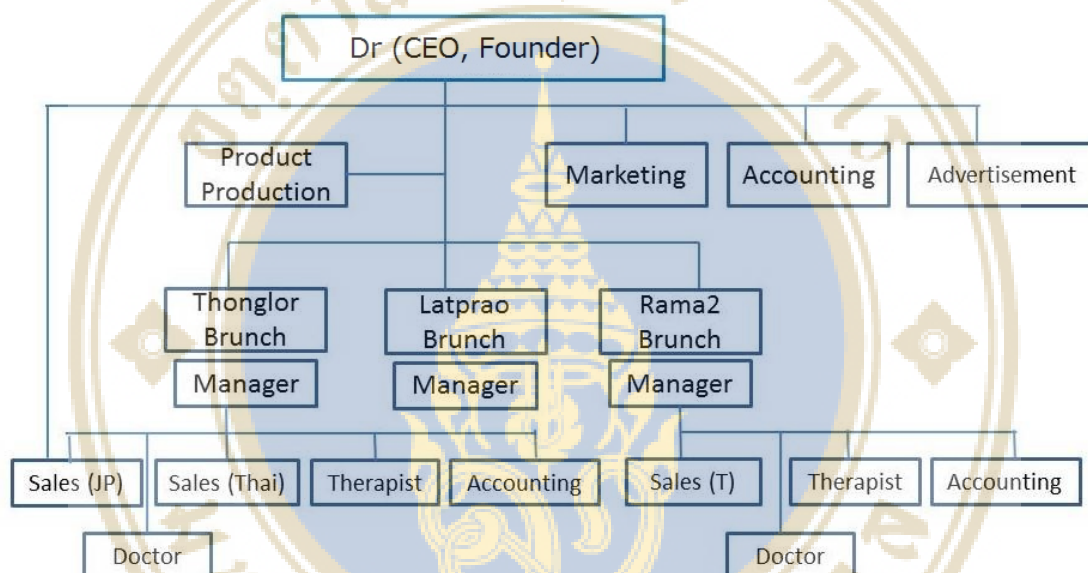

Figure 3.1 The organizational chart of beauty clinic "X"

Around 10 - 13 employees work at each brunch; 1 brunch manager, 2-3 doctors, 1 accounting, 1-2 sales for Thai customers, and 3-5 therapists. Only Thonglor brunch holds 3 Japanese employees as Japanese sales, since Thonglor is the only area where many Japanese live. "X"'s customer is composed of Thai rich women and Japanese women. Japanese customer usually visits Thonglor brunch. At Thonglor brunch, three Japanese sales function to help smoother communication and avoid negative impact of cultural differences.

The characteristics of "X" company is authoritarian management or top-down style by two doctors who are the owner and founders. "X" is facing the problem of high turnover rate especially among therapists. Therapist usually leaves the

company less than five months. Employees at head office such as marketing and advertisement voluntarily leave the company for less than seven month to at the most one year. High turnover rate causes mainly customer-related problems such as drop of customer satisfaction and customer retention. Customers complain or just leave without telling the reasons because they cannot make reservations easily due to a small number of therapists.

3.3 Data collection method

The research will adopt a form of outlined interview as data collection method. Deep interviews with 6 employees from Thonglor brunch which consists of 3 sales and 3 therapists will be conducted, because turnover rate among sales and therapists is really high compared to the manager level.

3.4 Outline of interview

Outline of interview is based on both of the antecedents and components of Employee Engagement that the paper explained earlier. Interview outline is shown in Table 3.2 as below.

1. Attitude toward work

    Q1. What do you think about the company?

    Q2. What do you think about your work?

    Q3. What do you think about your responsibility at work?

2. HR practices

    Q1. What do you think about your salary and benefit?

    Q2. What kind of training did you take and do you want to take in near future? What do you think about training? Is it enough?

    Q3. What do you think about your reward? How do you feel being recognized at "X"?

3. Organizational climate

    Q1. What do you think about the relationship with your supervisor (manager)?

    Q2. What do you think about the relationship with your colleagues?

    Q3. Are you happy to come to work?

Figure 3.2 Interview Outline (Antecedents)

To measure the degree of engagement such as high engagement or low engagement, the research will use the matrix below shown in Table 3.3 based on three components of Employee Engagement.

Table 3.1 Matrix to assess the degree of employee engagement

	Lowest =1point	2points	Moderate =3points	4points	Highest =5points
Say	Say only and very much negative comments about company.	Sometimes say negative comments about company.	Say not negative but positive things about company.	Sometimes say positive things about company.	Say only and very much positive things about company.
Stay	Strongly desire to leave company even without any other job opportunities.	Desire to leave company, if there are other job opportunities. Look for another job.	No desire to either stay or leave company. Might depend on other job opportunities. Not look for another job.	Desire to stay with company. Not look for other job opportunities.	Strongly desire to stay with company even with other better job opportunities.
Strive	Try to minimize own effort and engagement. Not care about company's business success.	Care about company's business success. However try to minimize own effort and engagement.	Not strive extra effort and engagement but not try to minimize own effort. Just do what is expected for as daily work.	Sometimes strive for extra effort and engagement in their behavior for company's business success.	Strongly strive for extra effort and engagement in their behavior for business success. Always try to contribute more than daily work.

CHAPTER IV
FINDINGS

4.1 Data analysis

Conducted interviews with three sales staffs and three therapists, data or answers of "degree of engagement" and "antecedents of engagement" will be arranged according to its category.

4.1.1 Degree of Employee Engagement

First, the results of engagement degree assessment by "Say" "Stay" and "Strive" matrix for each interviewee is shown in Table 4.1 below. The average engagement points of 6 employees is 2.8 points, however the average of three therapists is 2.4 points which is much lower than the average of three sales which is 3.2 points out of 5 points. It could be said that the overall degree of employee engagement at beauty clinic "X" is relatively low. The characteristic of the assessment result is that although "strive" is relatively high as a whole, "stay" is very low. Actually four staffs out of six is looking for a new job, and two staffs might consider job change if they have better changes. The reason why they do not want to "stay" at the company is explained in the interview answers related with antecedents of engagement.

Table 4.1 The result of the assessment of the degree of Employee Engagement

	"Say"	"Stay"	"Strive"	Total points
Sales 1(Age 30, Female)	4	2	5	11
Sales 2(Age 48, Female)	2	3	4	9
Sales 3(Age 42, Female)	2	3	4	9
Therapist 1(Age 29, Female)	3	1	1	5
Therapist 2(Age 33, Female)	3	1	5	9
Therapist 3(Age 27, Female)	3	2	3	8
Average points	2.8			
Average of Sales	3.2			
Average of Therapist	2.4			

4.1.2 Antecedents of Employee Engagement

Answers of interview in terms of antecedents of Employee Engagement are categorized as below with the aim to make it easier to grasp the tendency of answers. Below is the answers related with attitude towards work.

- As for attitude toward work, Sales 1 answered "I really like making sales calls and talking with customers. I like to experience new services on own face in order to actively recommend such services to our customers based on own experiences." Sales 2 said that "I am satisfied with current responsibility, because I really like to talk with customers. However, I have concern about our machines (laser machines such as APL laser and Q-switch laser to erase blemishes and wrinkles on face). Our machines are old compared to machines that our competitors use. In my opinion, our laser especially Q-switch laser has no effect to attack blemishes or sometimes worsens blemishes. I requested the owner to buy new machines many times but he refused to buy new ones. I decided not to sell Q-switch treatments to our customers, because I feel so guilty about the fact that our customers paid a lot for no positive results from Q-switch laser." Sales 3 answered "I try not to get too many booking from customers, because therapists do not like working without break.

Some therapists always complain about too many bookings. That's not their faults, because we do not have enough number of therapists at the moment. Moreover some doctors suddenly take day off, which causes us to ask our customers to cancel their booking on that day. It is really annoying. I hate to bother our customers. As the capacity of our clinic to deal with many customers is small right now, I just try to sell some amount of services and products rather than sell all services as much as possible."

Therapist 1 said that "I am ok to work as a therapist. I feel proud to wear therapist uniform, because the target of our clinic is Thai celebrity. I am happy to be a member of such a high class clinic." Therapist 2 answered "I am happy to come to the work every day. I really like being a therapist, as I have worked as therapist for more than five years. I feel OK with the company." Therapist 3 said that "I like to be a therapist. I like to see the customers who come to our clinic many times for long are becoming more beautiful and more confident with their faces. It is fun and honorable to help doctors when provide medical services."

Considered the answers, the attitudes toward work are not bad overall. The staffs generally like their works, responsibilities, and positions, although some of them have concerns about the equipment and lack of human resource. Analyzed with the scores of "Say," "Stay," and "Strive" assessment, it could be said that such complains come from their strong attitude to strive. Some staffs want to try to make an extra effort and engagement for higher customer satisfaction leading to business success, however, the low quality machine and lack of therapist hamper their effort. Next is the answers related to HR practice.

- As for HR practice, Sales 1 told that "Salary and benefit are very low. I am not satisfied with them. Moreover, commission rate calculated based on the amount that I sell is lower here than the competitors. I want to move to the competitor's clinic that pays higher commission rate." Sales 2 answered "Salary is low. I have no benefit and no reward. However I am ok with current salary somehow, because flexible working shift is allowed for me here as long as I do not bother our customers. I negotiated with the owner to increase salary one year ago and won the little bit up of salary. The owner is very tough negotiator. I think he recognizes my contribution. I am not happy that I cannot get any extra salary for overtime. So I just

try to adjust my working hours not to work overtime by asking the customers to come within my working time." Sales 3 said that "I think my salary is very low. I sometimes check the recruitment of the competitor. I found the current salary was lower than other companies. Commission rate is also low. I will negotiate with the owner to raise the rate. I want to take a training of basic treatments such as washing face, phono-vitamin, and body sliming, because I don't want to keep our customers waiting for long. I want to provide such treatment when all therapists are busy and the customers have to wait. Although I asked the manager to provide training and she (the manager) said OK, she has never provided me enough trainings. I think the manager is too busy."

Therapist 1 answered "I am not satisfied with salary and benefit. The rate of commission was decreased in half last year without reasonable reason. I don't want to provide services many customers because of small commission. Moreover I don't like being busy. I think I will leave the company without telling anybody when time comes, because if I tell the owner that I am going to quit, he will never give me salary for that month. All of former staffs left the company without announcing at the end of the month after getting salary. I have no concern about training. When I joined the clinic few years ago, I received enough training. Now I am at the position to train new staffs as trainer." Therapist 2 said that "Salary is low. I want more. However I love this job. I am ok with training. I think the level of my skills is ok enough, because I often obtain designations from many customers, which means the customers are satisfied with my treatment." Therapist 3 told that "Salary is quite low, since I am still newcomer. 9,000 Baht per month is really low even during probation period. I have to look for another job opportunity aiming for a better salary. I hate the system that the amount of my salary for a half day is deducted as a penalty of coming late. Even when I come late only by 10 minutes, salary for a half day will be gone. Training is not enough. I need more training especially about supporting doctors in their medical treatments. However the clinic is super busy and lacks enough staffs, so I had to start working soon after 3 days training."

Analyzed interview answers above, complains from the staff about HR practices are huge compared to attitude toward work. All staffs complain about low salary. Outstanding complains are low commission rate and inconsistent HR practices.

Low commission rate hampers the staffs' motivation to work harder. Moreover inconsistent HR practices cause big dissatisfaction among staffs. Nobody knows the clear criteria for salary raise. As one therapist mentioned a cut of commission rate in half, the owner decides every HR rules and changes them as he likes anytime he wants to change. Low salary and commission rate are the main reasons of low score on "Stay," as some staffs answered that they wanted to quite the company because of low salary and lower commission rate compared to the competitors. One staff said that the owner did not regard his staffs as precious assets but as just replaceable workforce. In addition, as one staff testified, the big challenge that the company faces is sudden resignations of staffs. The way that staff resigns is to leave the company at the end of month without any announcement, because staff wants to receive the last salary for the last month that she cannot get if she tells the owner that she wants to quite before the end of month. Actually two therapists who I interviewed left the company at the end of March without telling their resignations anybody. The owner was surprised to know that two therapists did not show up at the clinic on 1st April. It obstructs long-term staff planning and it has negative impact on employee satisfaction due to sudden lack of human resources.

- As for organizational climate, Sales 1 said that "I am ok with my managers and colleagues. The relationship with owner is very good. He was the person who invited me to work here. He is kind to me. However I sometimes doubt whether the owner understands my good work or not. If he realizes my work, he should give me a salary raise or a raise of commission rate." Sales 2 answered "I think the owner of the clinic listens to my opinion in terms of service menus creation and new campaigns in order to increase sales. I am good friends with my colleagues. There are no conflicts between me and other staffs. I feel that we are like a small family. I like the doctors as well. They give me a good discount for medical treatment such as Botox. They also listen to me about the customers' desires and complain. However I recognize the fact that the manager treats us the staffs not evenly. She (the manager) is very harsh to some of staffs, but she is very kind to some of us. I don't like such uneven treatment." Sales 3 said that "We have good relationship like sisters. I have no complains about the manager. However, I fell that the owner is stingy. He spent a lot

of money for renovation of the clinic, but he does not want to spend for staffs. He seems to think that it is not necessary to retain staffs but it is ok just to hire new staffs if some quit. He is not the person who likes to grow the employees. I am bothered by the owner's easily changing orders about promotion and marketing strategies. What he says is fantastic, but he is too busy to implement his words."

Therapist 1 answered "I am very happy about the relationship with the manager. We always stay together. When she (the manger) goes outside such as to the bank or to buy equipment or for lunch, she always asks me to go together. The manager is sometimes very serious about the rule. However I can talk anything to the manager. I like the owner, but I cannot tell anything to him. He is not trustable." Therapist 2 said that "I have a problem with the manager and one of colleague. I don't know the reason but the manager and one colleague never talk to me. They just ignore me. I feel tension among us. I don't like such situation. The manager allows particular staff to write her arrival time on timecard by hand not using a time clock as she requested the other staffs including me. I don't know she is cheating, but it is not unfair. I like the doctors. I like the owner too. However I don't understand why the owner doesn't warn the manager about her unfair manner." Therapist 3 answered "I am ok with the climate at work, since I am still the newcomer. I think everyone is kind."

Examined the answers, the problems lowering employee engagement in terms of Organizational Climate are mainly caused by both of the manager and the owner. The manager treats the staffs unevenly and creates tensions among employees, and the owner allowed it through not alarming. In addition, the owner's inconsistent and easily changing orders swing the employees around. Moreover the owner's orders sometimes are not realistic according to the employee. Bad Organizational Climate lowers the employee engagement in a large way.

In sum, inconsistent HR Practice is the biggest obstacle against employee engagement at the company. The second biggest obstacle is Organizational Climate which is hampered by both of the owner and the manager. The authoritarian management style by the owner and the founder might work well at the early stage of the organization when the organizational size was still small with small number of employees. However, the organization must reorganize its structure as it grows,

because one business owner cannot manage directly a large number of employees effectively and efficiently. The current situation of the company could be said that the SME fails to reorganize according to its growing size of the organization after few years of business success since its establishment. This might be a typical challenge that SMEs might face with in varying degrees.

CHAPTER V
RECOMMENDATIONS

5.1 Recommendations

As considered the causes of low employee engagement, recommendation to improve employee engagement is to tackle the challenges of HR Practice and Organizational Climate. First, to encourage the owner to understand the importance of human resource in order to reach business success is an important first step. Without the owner's understanding and support, no recommendation works well. Actually, his way of thinking about human resource is the root cause of low employee engagement. If the owner recognizes the importance to retain talents and grow his employees, he will actively arrange the comfortable work environment to enhance employee engagement. The aim to change the owner's perception about human resource could be reached through creating a sense of urgent for change. To show the fact that the number of beauty clinic is growing rapidly, the talent war is getting severe, and how the lack of appropriate employees at the company hampers its business success through decreasing customer satisfaction could work to change the owner's recognition. Current event that two therapist suddenly quitted could be a good momentum for him to change his attitude.

After the owner's recognition is changed, it is necessary to share the new direction which is to recognize the employee as an asset with the manager who supervises the employees directly in daily operations. One of KPI for the manager should be related with employee engagement in order to make sure that the manager has responsibility about employee engagement. If the manager is evaluated based on employee engagement as well as her other performances as a manager, the manager will not create unnecessary tension among the employees and try to treat employees evenly and fairly. Then to create a consistent HR rules such as clear criteria for salary raise and promotion is also important to motivate the employees to think that they are recognized and reworded if they work hard. It is also necessary to announce a new

criteria and HR practice to all the employees. In order to retain the talent, it is also better to offer competitive salary and commission rate which are decided through the research of average salary and commission rate in the industry.

5.2 Limitation

The research has a limitation on the interviewee. The research interviewed only the employees at one brunch out of three brunches. The situation and degree of employee engagement at other two brunches might be different due to the managers' autonomy, which might cause different outcome and recommendation of employee engagement. If there is an opportunity for further research, to interview the employees sampled from all brunches could overcome the limitation.
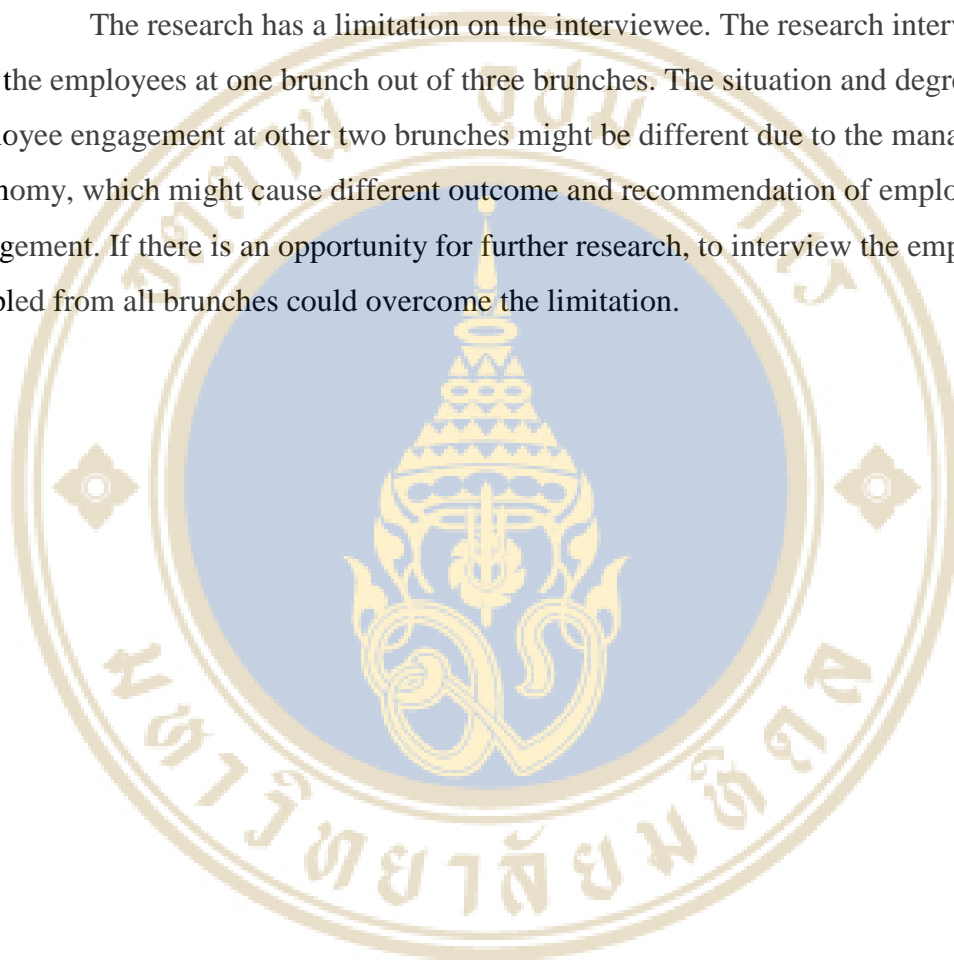
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