Implementing the Casual Effect of Leadership to High-Performance Organizations: An Empirical Study of Public Organizations

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Abstract

This research aims to verify the causal effects among different manifest variables of leadership to high-performance organizations, including public organization or quasi-government agencies. Employing qualitative methodology, data obtains from semi-structured interviews in 10 excellent public organizations of Thailand. The findings corroborate that teams of leaders, future leaders, and middle managers are strongly correlated and merged into one latent variable of leadership. Furthermore, leadership must be developed to achieve excellent agencies by the three manifest variables. Leadership in this study is also related to transformational leadership and strategic leadership which hugely contributed the high-performance organizations. The results of this study are able to reinforce the significance of leadership to effective and efficient public organizations. The latent variable of leadership is verified and leaded to the test of measurement model in future research. Further studies of other variables of leadership should be conducted to explore how they contribute to effective and efficient organizations.
Keywords: Leadership, High-Performance Organization, Public Organizations

Introduction

Currently, the concept of high-performance organizations (HPOs) has been introduced to assist organizational management in achieving greater success. An HPO is generally defined as a prosperous agency that achieves exceedingly greater financial and non-financial results than other organizations in its peer group over a period of five years or more by focusing on what really matters to the organization in a disciplined manner (Waal, 2012). HPO are enterprises that over time continue to produce outstanding results with the highest level of human satisfaction and commitment to success. To demonstrate strength in HPO, organization is involved in the six-element evident (Blanchard, 2010). The first element is shared information and open communication. In high performing organizations, information needed to make informed decisions is readily available to people and is openly communicated. People have easy access to the information they need to do their job effectively. Sharing information and facilitating open communication builds trust and encourages people to act like owners of the organization. Plans and decisions are communicated so that employees are clearly understood. The second element is a compelling vision. In excellent organizations, leaderships are aligned around a shared vision and values, and employees have passion around a shared purpose and values. The third element is ongoing learning. HPO engage in both organizational learning and individual learning. People in organization are actively supported in the development of new skills and competencies. Organization also continually incorporates new learning into standard ways of doing business. The fourth element is relentless focus on customer results. Employees in organization maintains

the highest standards of quality and service. All work processes are designed to make it easier for customers and to focus on those results from the customer's viewpoint. The fifth element is energizing systems and structures. In high performing organizations, systems, structures, and formal and informal practices are integrated, aligned, and made it easy for people in organization to get their jobs done. The sixth element is shared power and high involvement. In excellent organization, power and decision making are shared and distributed throughout the organization, not guarded at the top of the hierarchy. People have an opportunity to influence decisions that affect them. Teams are used as a vehicle for accomplishing work and influencing decisions.

The HPO concept can be implemented at all dimensions and levels of the organization to achieve the highest productivity. One dimension mentioned in HPO is emphasis on high-performance leadership. Leadership has always been a crucial part of an organization. The distinctive leadership can influence followers to achieve organizational objectives through change. Leadership practices support collaboration and involvement at every level of the organization. Top leaders live the organization's values. While the six elements of HPO describe the characteristics of a high performing organization, leadership is what moves the organization in that direction (Blanchard, 2010). HPO relies on cultivating a great, charismatic leader, and building a visionary organization that endures beyond the leader. Therefore, leadership affects HPO by the crucial role to drive organization to success. In HPO change model, leadership is one of the three conceptual change levers (leadership, vision, and values) which is the starting point leading to effective organizational competencies (Pickering & Brokaw, 2012). Generally, leadership consists of five main elements namely leaders-followers, influence, organizational objectives, change, and people (Lussier & Achua, 2007). The high-performance leadership is a significant part of HPO. The development of the research framework of leadership as the causal effect to HPO could bring about a better understanding of the causal viewpoint of leadership alignment leading to construct the two full models of HPO in public organizations onward.

In the modern world, public organizations or quasi-government agencies have arisen due to the reform of the state sector or the reinventing of government as observed in developed countries, such as the Etabissement Public of France, the Executive Agency of the United Kingdom, the performance-based organizations (PBOs) of the United States of America (USA), and the Crown Entities of New Zealand (Roberts, 1997; Secretariat of the House of Representative, 2015). These organizations have become more businesslike (Dart, 2004) and performed the role of a government department that is treated as managerially and budgetarily independent to perform a certain executive function of the state.

In Thailand, public organizations were officially established in 1999 by the Act of Parliament of Public Organizations and became flexibly operated during the reform of the government system. The resolution of the Council of Ministers on September 7, 2004 divided public organizations into three groups; the first group involved the development and implementation of specific policies of government affairs, the second group provided technical services or performed interdisciplinary missions, and the third group provided general public services. This type of organization tends to replace the government sector in missions that require flexible national policy implementation without a complex bureaucratic process.

To establish the hypothetical leadership model and data synthesis, the author created a hypothesis leadership framework. This study examined related three theoretical manifest variables, each section comprises the following crucial elements:

The first manifest variable of high-performance teams of individual leaders refers to the high-performance teams of leaders who drive urgency and directions (Bhalla, Caye, Dyer, Dymond,

Morieux & Orlander, 2011; Lussier & Achua, 2007; American Management Association, 2007). Leaders are comfortable with complexity, volatility, and change. In the face of ambiguity, they are able to mobilize the organization (Bhalla et al, 2011). The manager at the top, middle, and lower levels of the organization involve a strategic process of providing the direction and inspiration necessary to create and implement a vision, a mission, and strategies to achieve and sustain organizational objectives (Blazey, 2009; Lussier & Achua, 2007; Pickering & Brokaw, 2012). Executives and managers set clear goals, understand employees' abilities, and guide their performance (American Management Association, 2007).

The second manifest variable of future leaders refers to an organizational management which is stocked with future leaders whose skills are matched to future needs (Bhalla et al, 2011; Blazey, 2009; Lussier & Achua, 2007). The successful leaders possess a strong future orientation component for the expected organization achievement (Blazey, 2009). The top-level managers are the top leaders who are clearly held responsible for the organization's current performance, as well as for creating conditions that will insure the organization's survival in the future (Lussier & Achua, 2007).

The third manifest variable of middle managers who embrace and translate strategy refers to the ability of middle managers who oversee the vast majority of employees to translate the strategy and vision endorsed by senior leaders into concrete plans for their teams (Bhalla et al, 2011; American Management Association, 2007). HPO tend to be clear about what behaviors employees must exhibit to execute the organization's and departmental strategies (American Management Association, 2007; Barnett, Greve & Park, 1994; Miller, 2002).

These three factors were merged into one hypothesis leadership model because no previous studies have examined the public organizations or quasi-government agencies in this context, and few studies have investigated the alignment of these three variables of leadership. Additionally, a further question is posed on the latent variable of leadership could be measured by the three conceptualized manifest variables. Therefore, the purpose of this study was to verify the variables of leadership; which consist of high-performance teams of individual leaders, future leaders, and middle managers who embrace and translate strategy; as the causal effect to HPO. This study was also formed as a part of a larger study to construct the HPO model.

Research Methodology

A quantitative research method was applied in the current study, and the procedural design was separated into two phases. In the first phase, the study framework was developed based on acknowledged studies investigating the leadership as the causal factors of public organizations. Subsequently, the appropriateness of the constructed model was verified according to expert recommendations regarding the draft model. This study selected population and key informants from 10 experts in 10 excellent public organizations of Thailand who had extensive experience in leadership roles to verify the existence of the variable of leadership as the causal effect to HPO within public organizations and who could provide advice and suggestions on additional significant points. The experts were from the two excellent public organizations performing the mission of the development and the specific policy implementation of the government affairs, the six excellent public organizations performing technical services or interdisciplinary missions, and the two excellent public organizations performing general public services who had attitudes regarding the traits reflecting high competencies. The selected agencies had shown superiority according to annual performance evaluations of certified operations at a high level for no less than 5 years and had been categorized as HPOs. This study had utilized a semi-structure

interview with open-ended questions regarding the variable of leadership, which determined the high-performance teams of individual leaders, future leaders, and middle managers who embrace and translate strategy in 10 excellent agencies. The research instrument had been verified by five specialists in the leadership area. Then, the study investigated the existence of circumstances related to leadership as the causal effect to HPO leading to the following qualitative analysis. The data analysis process included content analysis from the interview by mean of descriptive analysis. This employed the study of leadership framework for deductive reasoning which began with the idea and uses the data to confirm or negate the idea (hypothesis testing) (Holloway, 1997) to guide for summarizing and composing in a system based on the purpose of the research.

Research Results and Discussion

The findings deriving from the in-depth interviews of the 10 experts in the excellent organizations verified the existence of the latent leadership and revealed that there was a close relationship between leadership and HPO. The experts reached a consensus.

Teams of leaders

All excellent public organizations insist that the high-performance teams of leaders drive urgency and directions to success. The result reveals the two-way operation; the top-down and the bottom-up work flows. The executives empower their employees with the ability to perform and the workers can propose the work plans through the consulting and approvals intermittently. Meanwhile, the HPO operate the administrative plans and the projects by the leader-follower action assignment which achieves the ultimate goals. The focused ideas indicate that:

"…Director have to hold a meeting with heads of various divisions to make a team decision and to talk about future projects to achieve all its goals. So, the head of leader plays important role in key arrangement…" (an expert of Princess Maha Chakri Sirindhorn Anthropology Centre (public organization))

"…We have the work style by the two-way communication, the top-down and bottom-up operation, so that the administrators can give authority to employees to bring out the potential to work…" (an expert of the Hydro and Agro Informatics Institute (public organization))

"…Each team has a supervisor with the talking to communicate to work together with the small meeting. This is to adjust the plan and place a player (employee) to be the right position in order to drive the work to achieve goals…" (an expert of the National Astronomical Research Institute of Thailand (public organization))

This is consistent with earlier findings suggesting that the manager at the top, middle, and lower levels of the organization involved a strategic process of providing the direction and inspiration necessary to create and implement a vision, a mission, and strategies to achieve and sustain organizational objectives (Blazey, 2009; Lussier & Achua, 2007; Pickering & Brokaw, 2012). High-performance teams of leaders from the finding of team with a supervisor is consistent with Blanchard (2010) who points that teams are used as a vehicle for accomplishing work and influencing decisions as shared power and high Involvement in HPO. This indicates the leadership systems that support a quality culture which consistently models those values and behaviors that communicate to all constituents a clear and compelling vision of the future. Moreover, the result shows the significance of a two-way communicated operation; the top-down and the bottom-up work flows. Therefore, this conforms to Blanchard (2010) who point that in HPO, information needed to make informed decisions is readily available to people and is openly communicated. Senior leaders must ensure a two-way communication with subordinate leaders and other workers regarding organizational values, directions, and expectations. Accordingly,

senior leaders of 10 excellent agencies push values, create expectations, and align the work of the organization (Blazey, 2009).

Future Leaders

The HPO give precedence to leadership determination conforming to the future vision and mission. Firstly, this is evident in the annual plan of public organization assessment which consists of the leadership indicator for success according to the master evaluation plan. Secondly, the idea of a future leader is significant at all organizational levels. The excellent agencies apply the development program for their employees in order to provide for the future leaders, especially the training program of Supervisory Skills and Mentoring System. Thirdly, the agencies support their employees by using the Role-Playing Program with the work assignment. The empirical evidences present that:

"…We work by the leadership plan under the annual plan of public organization assessment and director assessment that includes a measure of leadership to the organization success as a master plan to evaluate the public organization. This can determine leadership and organization by future vision and mission that we always concentrate…" (an expert of the Healthcare Accreditation Institute (public organization))

"…The concept of future leader is important to all levels of the organization. The excellent public organization should apply the development plan for employee to prepare for being leader, especially, the plan of Supervisory Skills and Mentoring System. In addition, public organization has to offer special mission or work assignment by important role in order to practice leadership as role playing…" (an expert of the Hydro and Agro Informatics Institute (public organization))

"…Leaders and executives need to understand the matched vision in the same direction. Director who is the important leader must have leadership that create trust and faith in the employees to accept the work together…" (an expert of the Thai Film Archive (public organization))

The result shows that future leaders whose skills are matched to organization future needs are crucial for driving HPO. This conforms the synthesis idea of manifest variable of future leaders. (Bhalla et al, 2011; Blazey, 2009; Lussier & Achua, 2007). This is also consistent with earlier findings suggesting that the successful leaders possess a strong future orientation; an organizational bias for action; a commitment to both personal and organizational improvement, innovation, and sustainability; and a disciplined, uncompromising approach to drive the necessary changes (Blazey, 2009). For future leader, the point of development plan for employee to prepare for being leader is consistent with Blanchard (2010) who points that leadership is not the province of formal leaders or a few peak performers alone; leadership emerges everywhere. Individuals with expertise come forward as needed throughout the organization. The finding of leaders and executives need to understand the matched vision in the same direction conforms to Blanchard (2010) who point that leadership in HPO is aligned around a shared vision and values. Therefore, future leader determination is one alternative to improve the agency operation which could connect the organization component as a whole. This may require creating an environment for workforce engagement, learning, innovation, and organizational agility, as well as the means for rapid and effective application of knowledge.

Middle managers

All excellent agencies place importance on the middle managers who embrace and translate strategy in order to oversee the vast majority of employees and to translate the strategy and vision endorsed by senior leaders into concrete plans for their teams. Middle managers become significant to connect the organization plan to employees to bring about the achievement by the interrelate operation. Meanwhile, these agencies utilize a formal and informal two-way

communication between the executives and supervisors and employees in both the normal and emergency response. The empirical evidences present that:

"…Leadership affects organization management that leads to high-performance organization, especially, the need to transform the changes. This must be clear that leaders are not just the CEO, which includes the line managers…" (an expert of the Synchrotron Light Research Institute (public organization))

"…Line managers and head of department play a part in the drive for success by joining a work closely with the employees in the workplace and the area. The organization determines the positions of middle managers to serve all tasks by the proportion of 30-40 percent which is enough to oversee the work. Middle managers perform the significant duties to deliver strategies from senior management…" (an expert of the Support Arts and Crafts International Center of Thailand (public organization))

"…Leaders including middle managers have collaborative role to monitor and to deliver key indicators to employees. We need to connect the indicators of organization with the indicators of workers…" (an expert of the Thailand Greenhouse Gas Management Organization (public organization))

The results also show that middle managers become significant in connecting the organization plan to employees to bring about the achievement with the interrelate operation by using a formal and informal two-way communication at all levels. This verifies the manifest variable of middle managers who embrace and translate strategy, and conforms to the earlier findings suggesting that middle managers oversee the vast majority of employees and translate the strategy and vision endorsed by senior leaders into concrete plans for their teams (American Management Association, 2007; Bhalla et al, 2011).Therefore, HPO tend to be clear about what behaviors employees must exhibit to execute the organization's and departmental strategies (American Management Association, 2007; Barnett et al, 1994; Miller, 2002).

Furthermore, the result could be concluded that the latent variable of leadership which presents the three manifest variables in this study provides the causal effect to HPO according the findings above. The findings of the three-manifest variables of leadership also raise some interesting issues about the apparent leadership form leading to HPO which consist of transformational leadership and strategic leadership. These indicate the transformational leadership of excellent agency, by the executives presenting the figure head role to empower their employees with the ability to perform, and the workers being able to propose the work plans through the consultation and approvals intermittently. Meanwhile, strategic leadership is the way that both executives and shared value support employees to think and work systematically with the project assignments to promote the work as a team. These two types of leadership are embedded in leaders' behavior who contribute to the progress of the organization and high effective productivity. Leaders in 10 excellent agencies have shown the transformational leadership conforming to the earlier study that leaders communicate with followers a special vision of future, tapping into followers' higher ideals and motives. They seek to alter the existing structure and influence people to buy into a new vision and new possibilities (Bass and Riggio, 2006; Tuker and Russel, 2004). This idea involves the strategic leadership which is a process of providing the direction and inspiration necessary to create and implement a vision, a mission, and strategies to achieve and sustain organizational objectives (Barnett et al, 1994; Lussier and Achua, 2007; Miller, 2002). This is operated by manager at the top, middle, and lower levels of the organization. Therefore, transformational leadership and strategic leadership are applicable to HPO.

In summary, this study has confirmed that an aligned leadership with the three manifest variables is deeply effective for the organization according to Bhalla et al. (2011). All experts from all HPO have agreed that the variable of leadership could be applied to the basic concepts to create the full model of HPO by using the measurement of each observed variable as a precise behavior measurement. The author summarizes the latent variable of leadership by figure 1.
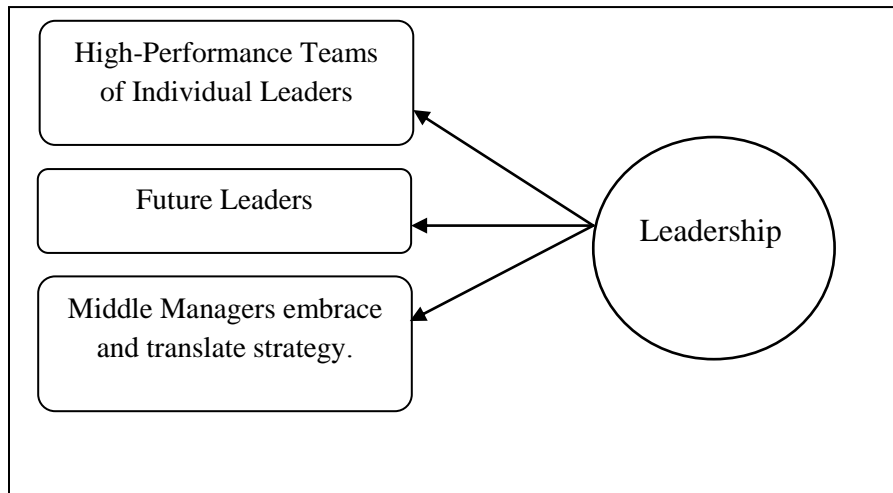

Figure 1 The verified latent variable of leadership consists of three elements

Conclusion and Recommendation

This study has summarized the empirical result that leadership greatly affects HPO. Leadership comprises of three dimensions of manifest variables, namely, high-performance teams of individual leaders, future leaders, and middle managers who embrace and translate strategy. The results reveal that leadership is an important variable to the efficiency and productivity of the organization. Leadership must be developed to achieve excellent agencies by the three manifest variables. An agency who implements high-performance leadership can achieve the organization goals. The case studies of the excellent public organization of Thailand have practically presented that high-performance leadership need to give precedence to the three components above. In particular, the study highlights that transformational leadership and strategic leadership which are embedded in the three manifest variables will enhance the organization success.

Implication of the study

This study is applicable to all types of agencies, including those in the public sectors, public enterprise and private sectors. The implications also provide ideas regarding organizational leadership. Firstly, the research result could be applied to a strategic plan of the organization to determine the operation for management review and to regularly monitor the leadership in organization. This could be applied with the SWOT analysis, which consists of Strengths, Weaknesses, Opportunities and Threats, to determine the leadership performance. Agencies could also develop the optimized strengths and opportunities and revise the weaknesses, threats or obstacles in the organization.

Secondly, public organizations arise from policy implementation related to public sector management. Additionally, the application of interior and exterior environmental characteristics in the verified variable of leadership should be utilized in employee management, change management, organization design, leadership, and culture and engagement for the development

of HPOs. This is inclusive of the internal practical processes of the organization and the supportive board commission.

Thirdly, public organizations in the real world, particularly those performing the mission of the development and the specific policy implementation of the government affairs, technical services or interdisciplinary missions and general public services, should delineate an applied progress plan to become excellent agencies and improve the successful indicators of the assessment according to the well-arranged variable of leadership in this innovative role model. An assertive arrangement with the corresponding consistency of organizational management in needed. In addition, other public organizations should be offered their own adjusted model of leadership for more effective organizational improvement and an acquisition scheme for a thriving process. This might involve further development.

Fourthly, according to the research results, the issue of future leaders should be expanded to the main applicable approach practically as the plan for a long-term organization development. The organization needs to carefully consider future leaders to align with every part of the agency in order to determine the leader recruitment.

Fifthly, this study believes in promoting high performance where senior leaders set and deploy values, short-and-long term directions, and performance expectations according to Blazey (2009). Leadership team brings about the idea to organize the leader roles at all organization levels. Therefore, the organization should implement this standpoint to the operation plan for success.

Sixthly, this study proves a significance of middle manager roles who comprise and implement strategy and vision throughout employees in organization. The role of middle managers is a successful factor to the HPO. Hence, an excellent organization needs to consider the middle manager roles assessment. Organizations could create a plan for developing middle managers and the team so that they could improve their useful competencies in both tangible and intangible abilities.

Seventhly, this study shows that an excellent organization encourages employees to become a leader by providing a development program for their employees in order to cultivate the future leaders, especially the training program of Supervisory Skills and Mentoring System. This is an excellent idea for an organization to become a sustainable high-performance organization because it is related to the future plan for worker replacement. This long-term preparation can make employees feel the sense of commitment which causes high productivity and eliminates high turnover rate.

Finally, the idea of a two-way communication should be implemented for the action plan. Organizations could emphasize the two-way communication with assessment and inspection. Leaders have a responsibility to make sure by the two-way communication that everyone understands and values the institution's mission, goals, and directions and uses this understanding to inform individual work goals and decision-making strategies.

Recommendations for the future research

Firstly, the implementation of leadership to affect HPO outlined in this study should be replicated in other agencies both in the same type of public organizations and in the different type of organizations. Leadership can be significantly applicable in driving people, vision, and strategy to the efficient and effective agencies.

Secondly, further research should be conducted to investigate other variables which show the causal effect to HPO according to the Bhalla et al. (2011) and related concepts. These variables include culture and engagement, people, change management, and design. Moreover, further

study should be conducted to determine the effect between these variables in order to investigate the cause and effect of HPO.

Thirdly, this research presenting the variable of leadership as a hypothesis measure model aims to establish a future model of HPO by constructing the structural equation modelling (SEM) which consists of exogenous latent variable, mediation variable, and endogenous latent variable deriving from the literature review. The SEM model needs to be tested with the empirical data by the advanced statistic method and adjustment for the full model in the future. Future studies should investigate leadership with direct effect and indirect effect on HPO as the distinctive point in the progressive organizations.

Fourthly, future studies should extend this kind of model to various dimensions of each factor in the literature review by using appropriate methods, the exploratory factor analysis (EFA); for example, the leadership factor could be studied in terms of the traits of transformational leadership or strategic leadership leading to HPOs or using a specific approach.

Fifthly, this research has given an idea related to a relationship between leadership and organizational culture as the two variables affect HPO by qualitative or quantitative methodology. Further research should investigate through both qualitative methodology, by using documentary research or in-depth interviews by using open-ended questions to explore a relationship between organizational culture and leadership, and quantitative methodology by using correlation analysis.

Finally, future studies should investigate policy processes related to high-potential agencies that implement policy at the national level. This study reveals the variable of leadership as the causal to an HPO model for public organizations, the transformed government units, that accomplish effective national policy practices and recommends acquiring cooperation from the implementing active agencies to achieve efficient practical policies.

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